



THE INDEPENDENT

40p (IR 45p)

THURSDAY 25 JANUARY 1996

2,892

Have you got the big picture?
Guide to the world, part 3

Section Two

Driven to violence

The menace of road rage

Section Two, page 7

Fly now Pay later

Interest-free credit on holidays, plus trips worth £25,000 to be won

See page 10 for Token 4

Graduate appointments

Section Two, pages 27-31

Deadlock on arms dashes peace hopes

Major accused of 'buying' votes

COLIN BROWN and DAVID MCKUTTRICK

Hopes of breaking the deadlock in the Northern Ireland peace process ran into serious trouble last night after the nationalist parties accused John Major of trying to buy votes from the Ulster Unionists to prop up his Government in the Commons.

The Irish and British Governments were facing a crisis in the peace process after the report by US Senator George Mitchell had raised hopes of a breakthrough. The report warned it was a critical time in the history of Northern Ireland, which could "slip back to the horror of the past quarter-century" if progress was not made.

The report failed to provide any new solution to the deadlock over the IRA's refusal to begin decommissioning weapons.

The Government proposed an alternative way out by holding elections to a new Ulster body to appoint negotiating teams. But that plan looked doomed after John Hume, the leader of the SDLP, accused Mr Major of trying to buy the support of the Ulster Unionist MPs to safeguard his Commons majority.

Mr Hume was booed by Tory MPs who accused him of making a "cheap" allegation. Tory MPs shouted: "Disgrace".

Mr Major warned him that after working for years to bring people together for peace, it would be "a tragedy of enormous proportions" if he became the barrier to a settlement.

The Irish Government was also sceptical and was privately concerned about the election strategy, which Dublin sources said had been inadequately discussed. "There's nothing in it for the nationalists," said one Dublin source. Dick Spring, the Irish Foreign Minister, said it would mean those who supported the idea would have to persuade those who did not.

The Sinn Féin president, Gerry Adams, accused Mr Major of acting in bad faith and of erecting new preconditions to keep his party out of all-party talks. Republican sources said the election announcement had effectively killed off the Mitchell report and showed Mr Major was following a Unionist agenda to win Unionist backing for the Government.

The election move overshadowed the report of the internal body and introduced a

Six commitments all parties should make

■ Democratic and exclusively peaceful means of resolving political issues.

■ The total disarmament of all paramilitary organisations.

■ Agree that disarmament must be verifiable.

■ Renounce the use or threat of force to influence the course or the outcome of all-party negotiations.

■ Agree to abide by the terms of any agreement reached in all-party negotiations, and to use exclusively peaceful methods to try to alter any part of it with which they disagree.

■ Urge that "punishment" killings and beatings stop, and to take effective steps to prevent these.

stark fault line, with the Government and Unionists on one side and Nationalists on the other. Dublin sources accused Mr Major of ditching the report and of going on a "solo run", which had raised suspicions across the range of nationalism.

Mr Major last night sought to ease nationalist fears by insisting the body would be restricted to appointing negotiating teams and would not have legislative or administrative powers, such as a power-sharing Stormont Government.

The Mitchell commission concluded the paramilitaries would not meet the British demand to begin decommissioning arms before Sinn Féin was admitted to all-party talks.

Ministers fear the rejection of both routes to all-party talks – prior decommissioning and the elections – could leave the peace process in a cul-de-sac. The Government may seek to move on with the elections, challenging the parties to show their commitment to democracy by taking part.

Mr Hume stopped short of a threat to boycott elections, but his rejection of the plan, which was proposed first by the Ulster Unionists, could cause a fresh crisis in the peace process.

Mr Major, who urged the parties to "take a risk for peace", had been pinning his hopes on breaking the deadlock on the plan to use the elections to bring Sinn Féin to the negotiating table. The talks could take place at the same time as the IRA began disposing of its weapons before independent observers. It won the support of the Ulster Unionists and the hard-line Democratic Unionist MPs, led by Ian Paisley.

The Prime Minister told the Commons the Government would discuss the concerns with all the parties about the plan. "But in a democratic system like ours, I cannot see how elections could be regarded by any of the parties as a side issue or as a block to progress."

Tony Blair, the Labour leader, offered bipartisan support to enable an emergency bill to be passed to call the elections by April or May. But some of his own MPs, led by former Northern Ireland spokesman Kevin McNamara, rejected the election plan and accused Mr Major of seeking to keep power with Unionist support.

New focus same crisis, page 15
Andrew Marr, page 2
Mitchell details, page 2

Harman apologises for political damage and distress



Troubles behind her: Harriet Harman, accompanied by Clare Short, after the meeting of the Parliamentary Labour Party

Photograph: Reuters

Blair's appeal defuses revolt

DONALD MACINTYRE and PATRICIA WYNN DAVIES

Tony Blair, the Labour leader, yesterday stifled a destabilising campaign to unseat his shadow Secretary of State for Health, Harriet Harman, with a passionate call on his party to recover the unity needed to defeat the Tories.

Mr Blair, faced with a potentially catastrophic revolt over Ms Harman's controversial decision to send her 11-year-old son to a grammar school, imposed his will on the party with a warning that he would not hand the Conservatives "the scalp" they were seeking.

Mr Blair's decisive victory at a highly-charged 70-minute meeting of MPs which exposed deep divisions in the party came after Ms Harman apologised for the political damage and "dis-

stress" inflicted by the row but stood firm on her right to have made the choice. But Ms Harman's supporters were astounded when Bernie Grant, the left-wing MP for Tottenham, made a powerful speech backing Ms Harman during which he excoriated the "appalling" standard of comprehensive schooling in inner-city London.

Mr Blair at one point described the Tories as "bastards" and declared: "I'm not going to allow the Tories the pleasure of crucifying any member of my Shadow Cabinet ... you must stand firm."

Ms Harman went on to tough out Tory attempts to derail her with a sure-footed performance, leading a Commons health debate flanked by Mr Blair and leading members of the Shadow Cabinet – including John Prescott, the party's deputy



leader, who, like several other of his colleagues, is known to have been privately angered by Ms Harman's decision.

Mr Prescott, who throughout the episode has conspicuously

failed to back Ms Harman personally, nevertheless sought yesterday to draw a line under the episode in his speech to the PLP meeting. He urged the party to unite behind Mr Blair's leadership and focus their energy on two forthcoming by-elections, in Hemsworth and Staffordshire South East.

But while Mr Blair unequivocally reassured his party's commitment to non-selective comprehensive education, Cabinet ministers emerged from a meeting on political strategy determined to capitalise, between now and the general election, on the charges of "hypocrisy" provoked by Ms Harman's choice of a selective school.

Brian Mawhinney, the Tory party's chairman, said Mr Blair could not sack Ms Harman because he was using her as a "human shield" as he himself had

sent his older son to a comprehensive which selected by interview.

But despite the widespread anger within Labour ranks over Ms Harman's decision, correspondence flowing into the party suggested that while there was deep unrest among activists, there was much more support for Ms Harman among the electorate at large.

Mr Blair told the meeting: "These decisions are bound to cause anguish. Many parents in this room have been faced with similar decisions and taken them differently, but we should respect the decisions that any individual takes. The issue, however, is no longer about Harriet and her child, but how we handle ourselves in this difficult period. Let me make it clear what

Continued on page 2

IN BRIEF

New man is old hat

The new man of the 1980s has failed to make it into the 1990s – eight out of 10 women still always or usually do the washing or ironing. Page 5

High price of the Euro

Too tough conditions for the creation of a European single currency – the Euro – could damage European economies and the stability of the EU itself, Valéry Giscard d'Estaing warned. Page 11

Today's weather

Bitterly cold and windy with snow. Section Two, page 33



9 770951 946443

Child bride ordered back to Britain

STEVE BOGGAN and HUGH POPE

A High Court judge yesterday ordered the return to Britain of 13-year-old bride Sarah Cook as the girl's Turkish husband was remanded in custody on a charge of statutory rape.

Sarah's mother, Jackie, 37, flew to southern Turkey last night, admitting that she may have been wrong to consent to the illegal marriage and adding: "All I want to do now is get my daughter home."

Sir Stephen Brown, President of the Family Division of the High Court, made Sarah a ward of court at the request of Essex County Council's social services department. After a 30-minute hearing, he ordered her to be returned to the court's jurisdiction "forthwith" and demanded that any passport on which she travels home should be surrendered.

Sir Stephen's wide-ranging order also forbade Mrs Cook and her husband, Adrian, 42, from taking Sarah out of the country again and from talking about her case to the press. They are already understood to have earned more than £20,000 from selling her story to the Sun.

The schoolgirl from Braintree, Essex, was besieged by journalists yesterday in the cramped apartment she shares with her 18-year-old husband, Musa Komeagae – who she married in an unofficial ceremony two weeks ago – and his parents in Kahramanmaraş, south eastern Turkey.

Meanwhile, her husband was

brought before a Turkish court on charges of repeated statutory rape and suspected abduction of a minor and was remanded in custody for 30 days. His lawyers argued that the marriage took place with the consent of both sets of parents, although the minimum age for any marriage in Turkey – and then only with the special dispensation of a judge – is 14.

Musa's father said: "The two of them love each other madly. Because they insisted, the two families agreed. We love Sarah as our daughter. The English should not be worried. Love knows no law or boundary."

The English ruling is not binding in Turkey but there were indications last night that the authorities would recognise it. Before leaving for the airport,

Mrs Cook said: "Looking back, perhaps letting Sarah get married was the wrong thing to do, but everyone makes mistakes. All I want to do now is get my daughter home."

Earlier in the day, however, Sarah had told the Sun: "If they keep Musa in jail, I will kill myself because I can't live without him." Musa's lawyer, Selim Sumen, also has an interest in her staying. He said: "Musa's only hope of getting out of prison is if they can apply to a court for special permission to marry when she is 14."

A Turkish foreign ministry spokesman said Sarah's visa was valid for a further three months. "At this stage, we could only forcibly remove her from Turkey at the request of her parents."

Leading article, page 14

Forte plan to buy back top hotels for £2.5bn

MATHEW HORSMAN

The Forte family last night unveiled a radical proposal to buy back the upmarket hotels it lost to Granada, in a deal that could be worth £2.5bn.

The dramatic announcement, which came after the market closed, would see Sir Rocco Forte and the Forte dynasty reclaim some of the world's best-known hotel properties, including the Grosvenor House in London and the George V in Paris.

Sir Rocco raised the plan at a meeting yesterday with Gerry Robinson, the chief executive of Granada, convened to discuss

the handover of Forte, following its defeat in a two-month hostile £3.8bn battle.

Granada has promised to sell Forte's Meridien, Exclusive and trophy hotels, to pay off the £2.5bn in debt it took on to finance the hostile takeover. It intends to keep the budget Travelodge chain and the mid-market Posthouse properties.

In a statement issued last night, Sir Rocco said: "I am leading a team working on a plan to purchase from Granada the hotel business of Forte other than Posthouses and Travelodge. My objective is to make a detailed proposal to Granada in coming weeks."

A spokesman for Forte said Sir Rocco and his family would use the £300m proceeds from the sale of their own stake in Forte to Granada as equity in the new venture. The rest would come from debt. One analyst said the offer would be a highly leveraged buyout, reminiscent of the takeovers of the 1980s. "There will be a lot of debt to pay down if they pull this off."

No financing is yet in place. Forte conceded last night. But a spokesman said that "discussions about financing were encouraging". He added that the Forte family would seek a stock market listing in future if their audacious offer is accepted.

section ONE

BUSINESS 16-20 COMMENT 14,15 CROSSWORD 24 LAW REPORT 12 LEADING ARTICLES 14 LETTERS 14 NEWS 2-11 OBITUARIES 12 SHARES 19 SPORT 21-24 UNIT TRUSTS 20

section TWO

ARTS 12,13 CHESS 34 CROSSWORD 34 DILEMMAS 6 EDUCATION 22-25 FILM 8-11 LIFE 7 LISTINGS 32,33 REVIEWS 12,13 TELEVISION & RADIO 35,36 WEATHER 33

British Midland. The world's first airline you can catch using a net.

You can now book and pay for seats on all British Midland flights using the Internet. <http://www.iflybritishmidland.com/> (Proof that going up in the world is knowing which buttons to press.)

British Midland

Prince wants lottery cash to build mosques

REBECCA FOWLER

The Prince of Wales has suggested lottery money should be spent on new mosques and Hindu temples in Britain. He also accused lottery chiefs in charge of the £1.6bn fund to celebrate the millennium of ignoring its spiritual importance.

The Prince, who will inherit the role of defender of the Church of England, said Britain should use the millennium fund

for buildings for all faiths, and not allow celebrations to collapse into "a giant, but essentially meaningless party".

He made the comments in *Perspectives*, the architecture magazine he helped to found. "We need to think more deeply about what the millennium means... Everyone, whatever culture or beliefs, can have a stake in the process which the millennium represents."

"I would hope that a start

might be made to help those faiths growing in Britain but struggling to create places of worship to erect buildings of real quality. This is one of those instances where millennium money may be able to build bridges across some of those divisions in Britain's society."

But his attempts to champion faiths other than Christianity have already divided religious leaders. Muslims are

forbidden to gamble and many would be reluctant to accept lottery grants from the Millennium Commission, which would offend Islamic law.

Liaqat Hussain, a spokesman for the Bradford Council of Mosques, said the Prince had been ill-advised. "Gambling is *haram*, or forbidden, and it is prohibited to benefit from anything that proceeds from it, so lottery funds could not be used for mosques." But Zaki Badawi,

chairman of the Imams and Mosques Council of Great Britain, commended the Prince's support, and said he believed religious leaders could make an exception to accept funds. "The Prince is striking a very important chord in the heart of all minorities who would like to be recognised as mainstream," Dr Badawi said.

"Although we have discouraged mosques applying for lottery money, we would see this

as money coming from the state and would advise communities to accept it."

The Prince's comments are also expected to spark a debate on the prominence of Christianity over other faiths in Britain. In recent years he has promoted the idea that other faiths are of equal importance,

and described himself as a future "defender of the faiths". The Church of England, one of the most outspoken critics of

the lottery, has accepted grants for Church buildings. But it refused to comment on the Prince's remarks, and said it was a matter for the imams of the mosques as to whether they would accept financial support.

So far the Millennium Commission has allocated £336.5m for 306 projects. Yesterday it said it welcomed a debate on the best way to celebrate 2000 and denied it was oblivious to the spiritual aspect. A spokesman

said: "We obviously welcome the Prince of Wales's contribution to this debate; we've had public consultations at every stage. We're already having informal discussions with many faiths on their feelings about the millennium."

The Prince has also called for lottery money to be spent improving inner cities and encouraging city dwellers to find new uses for redundant buildings that might help the poor.

Two face jail over 'simple' £13m fraud

A solicitor and a former nuts and bolts salesman were found guilty yesterday of defrauding the cooker company Belling and some of Europe's largest companies in a £13m fraud.

Charles Deacon, a former under-sheriff for Stafford, and his partner in crime James Fuller spent years fooling money-hungry people and businesses with amazing tales of international intrigue, the CIA and massive secret funds.

To back up their tales, letters were forged from the then American President George Bush, the American Secret Service and top banks. Helped by John Savage, an American who has since died and who claimed to be a senior CIA agent, their victims fell for the stories.

Apart from Belling, which was fooled into raising its pension fund, victims also included Russia's largest co-operative and Finland's biggest food processing company.

Deacon, 52, who practised in Newcastle under Lyme in Staffordshire, and Fuller, 56, now face up to 14 years in jail. They will be sentenced at Middlesbrough Crown Court in central London today.

Deacon, a bankrupt, of Newcastle under Lyme, Staffordshire, was convicted of six charges of conspiracy to defraud and two of obtaining property by deception. Fuller, from Kidsgrove in Staffordshire, was found guilty on the six conspiracy charges and a deception charge. The jury took just four hours to consider three-and-a-half months of evidence and return its unanimous verdicts.

Opening the prosecution case last October John Goldring QC had told the court: "You may think it would be a difficult task to steal this amount. It is simpler than you think. All you need is a little nerve and a total disregard for the truth."

Deacon had put himself forward as the honest advocate. For added effect, he frequently flashed his practice certificate

and indemnity insurance cover to possible victims. In his office he had an impressive photograph of President Bush - with whom he claimed to be on first name terms - framed with the White House incumbent's inauguration programme.

Police believe Deacon and Fuller, who claimed to be one glib victim that he was the inventor of the world's first heart-lung machine, were part of a 12-strong gang - four in the US and the rest in Britain.

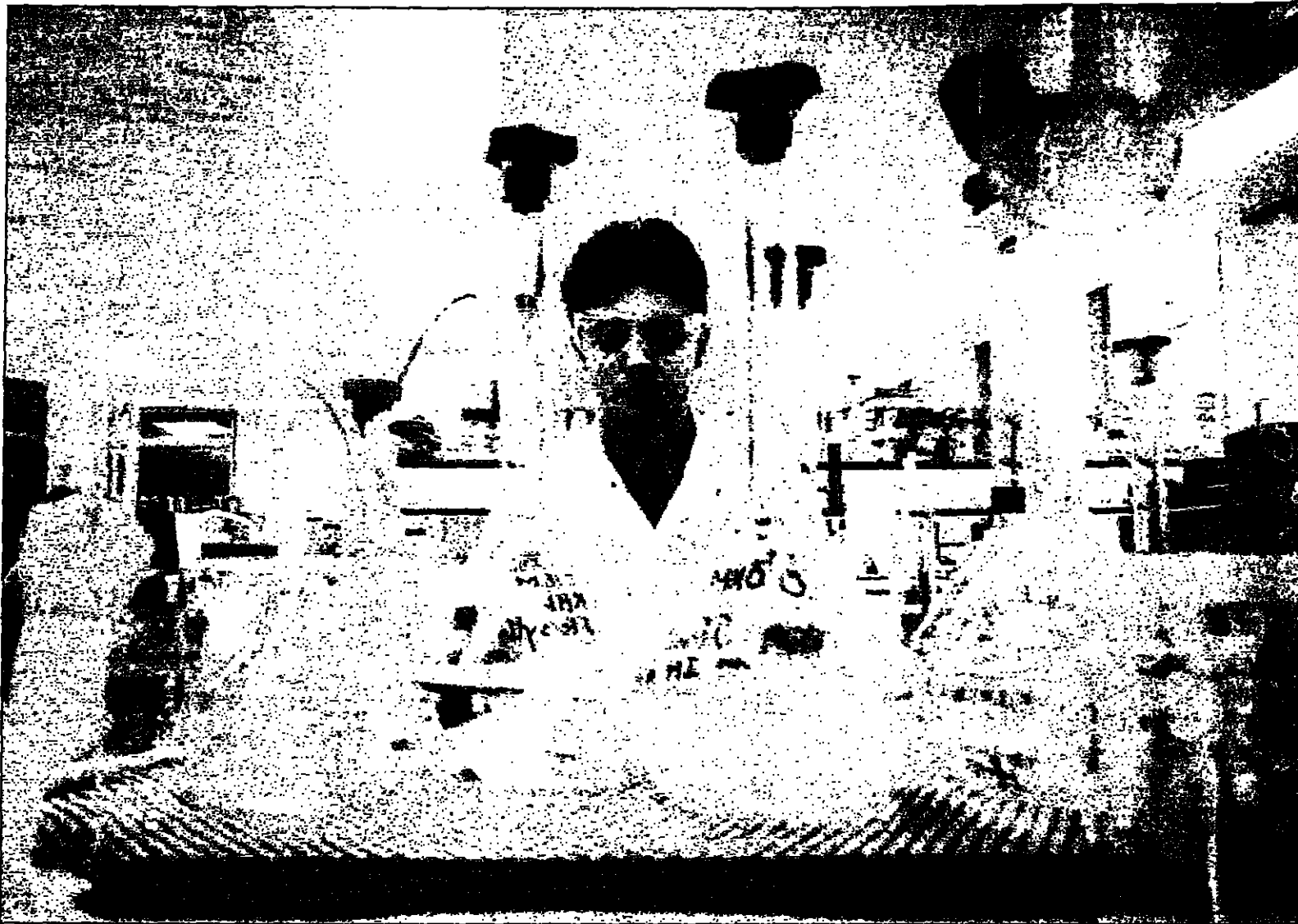
The court heard that Belling was among Deacon's and Fuller's first victims. In 1991, the company, based in Enfield, north London, was struggling to survive. When the firm was offered a lifetime loan of £33.5m, its directors could not resist.

Shown a forged letter from Lord Tugendhat, deputy chairman of National Westminster Bank, about a £750m "facility", company officials agreed to the terms - one year's upfront interest to secure the much needed rescue package. They handed over more than £2m from their company pension fund. They never saw the money again. When they were asked about the loan they were fobbed off with excuses.

The company folded in 1992, but according to some reports the swindle may have long-lasting effects on its 850 deferred pensioners - those who have not yet retired. According to one source, they could lose up to half their pension entitlement. The Law Society's solicitors' compensation scheme has already paid out £600,000 to victims, much of it in connection with Belling. Another £2m in claims is pending.

Mr Goldring told the judge that despite intensive inquiries it had been impossible to discover what had happened to £2.4m of the £9m that had not yet been recovered. However, detectives had found that £2m of the as yet untraced money had been laundered through about 40 different companies.

Appliance of science: Teenager's research ranked alongside Nobel winners



Order from chaos: Justin Marston at BNFL in Springfield, where he is working for a year before starting university

Photograph: Craig Easton

The tap that dripped for 200 hours

TOM WILKIE

Science Editor

An 18-year old Lancashire schoolboy today joins the ranks of the world's top scientists, as his research is published in the world's premier scientific journal, *Nature*.

Nobel prizewinners queue up to have their research published in *Nature*, but the journal today publishes the results of experiments Justin Marston did during his sixth-form A-level project.

Mr Marston spent more than 200 hours on his project -

watching a dripping tap. It may sound downbeat, but his work actually deals with two of the hottest topics in science today - chaos and complexity theory.

Some of the best brains in the world ponder these topics at the high-powered Santa Fe Institute in New Mexico, USA. Mr Marston investigated them at Runshaw Tertiary College in Leyland near Preston, using "central heating header tanks bought from plumbers' merchants and a pump from the local garden centre".

Mr Marston was quick to

deny that his work was of Nobel calibre. He said "I was shocked when I found out they [*Nature*] were going to publish it."

In science, chaos is a tightly defined term, used to describe behaviour of physical or biological systems that appears completely random but actually has an underlying pattern or series of patterns. The term has stuck, despite being misleading in the way that its scientific use is almost the opposite of the everyday use.

"I always thought chaotic physics was small atoms moving

around. But the dripping tap is a classic chaotic system. It's very close to my own experience. I think that brought it to life," said the young scientist.

He got interested in the phenomenon and recorded half a million observations. "Some of my friends said 'send it to a journal for publication' so I thought I might as well start at the top - *Nature*," he said.

Mr Marston studied how fast his "tap" (actually a capillary tube) dripped and how the rate was influenced by pressure in the header tank. He found that "as would be expected, with in-

creasing water pressure, the average time between drips decreases, but not in a linear manner".

Despite having his experiment published, Mr Marston intends to study biochemistry at Durham University in October. He could have chosen almost any scientific discipline, since he obtained six straight A grades in his A-levels: mathematics, biology, chemistry, physics, music and general studies.

He hopes to pursue a career in science, but hasn't yet decided between academia and industrial research.

Cafés less than starry-eyed over award

CLARE GARNER

The *Michelin Guide's* attempt to embrace a wider, more eclectic range of restaurants within its culinary bible has backfired with the revelation that the less traditional eateries have only been awarded low ratings.

The crowning glory of three stars remains strictly reserved for an elite band of four, while two- and one-star ratings are still out of reach for many top-class restaurants. However, the *Michelin Guide* bestowed an unusually large number of lower

ratings, including 17 new one-stars and 25 new Red Meats, this year.

Highly lauded restaurants such as London's River Café and Alastair Little were unimpressed with their Red Meat ratings. They criticised inspectors for being out of touch and burdened by French bias.

For the first time in its nine-year history, the River Café made its way into the gastronomic index - albeit unwittingly. The popular Italian restaurant was not exactly

bowled over. Rose Gray, the co-owner, was taken aback by the entry. Once reassured the restaurant had achieved red "M" status, code for "less elaborate but carefully prepared meals", she replied: "We are really low down, is that what you are saying? ... Hooray, good, fabulous."

It didn't matter, she insisted. "For me the *Michelin Guide* means very little. After all, we haven't been in the *Michelin Guide* since day one and lots of people like us. We get awards from other guides that give us top ratings."

A Michelin spokesman denied there was a deliberate attempt to broaden the criteria this year. "Anyway there are any number of ethnic restaurants included in our guide," he said.

"The restaurants we have chosen reached a standard that is satisfactory to our board. We are looking at the quality of the food, the care with which it is prepared, and the execution of the dishes."

The pioneering British chef Alastair Little, whose "Red Meat" restaurant in Soho is a non-mover in Michelin's culi-

nary charts, was similarly unimpressed. He dismissed the guide as "totally pointless".

"It's all a bit of a nonsense. They are completely and totally out of touch with what represents decent food in England. They basically seem to like posh French cooking with extreme consistency - which is important - and can't come to terms with popular or populist places at all."

The 23rd edition of the *Michelin Guide to Hotels & Restaurants in Great Britain and Ireland*, £12.99.

Cancer victim 'killed wealthy lover'

JONATHAN FOSTER

Lethal doses of painkiller were added to a millionaire's supper by the terminally ill woman he thought was his wife, a court heard yesterday.

Lynn Lowey, 39, wanted Ian Whalley's money and his life. She knew she had only nine months to live when she spiked his chicken stew and jacket potatoes with drugs prescribed to ease the pain of her cancer, magistrates in Huyton, Merseyside, were told.

Mrs Lowey denies murdering Mr Whalley, 56, between 7-8 January. She faces further charges of poisoning, bigamy and fraudulent benefit claims.

Reporting restrictions were lifted during the hearing as Paul Becker, for the prosecution, said Mrs Lowey met Mr Whalley five years ago. The relationship was "stormy" and punctuated by several separations. But in April 1994 Mrs Lowey went through a marriage ceremony to the "prosperous but frugal" Mr Whalley in Gibraltar.

Her first marriage had been dissolved in 1985. Her second, to John Lowey, bore two children. The couple separated in 1989, with custody of their children awarded to their father.

The Lowey marriage was never ended, so the Gibraltar ceremony was bigamous, Mr Becker said. But Mrs Lowey lived as man and wife with Mr Whalley at Bold, near St Helens.

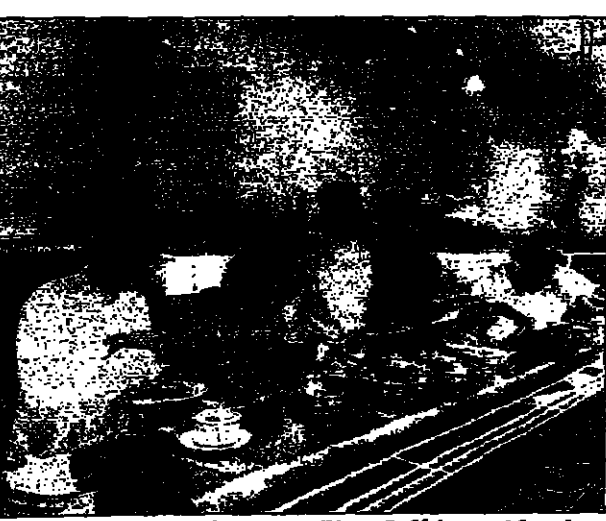
On 8 January, his body was found by his son by his late wife in the caravan he shared with Mrs Lowey during construction of a new home. A post-mortem examination of the body revealed fatal quantities of morphine and Temazepam. Two of Mrs Lowey's cousins had told police that she was "obsessed with money", wanted Mr Whalley dead, but also wanted a share of his wealth. The cousins would give evidence that she told them: "No more fun. Now I'm free."

Mrs Lowey was charged last week and remanded to Risley prison, Cheshire.

Graham Simpson, for Mrs Lowey, said the cousins' evidence would be challenged. Mr Whalley could not face the fact that the woman he thought his wife had terminal cancer; his wife of 28 years had also died of cancer.

Opposing a further remand in custody, Mr Simpson denied prosecution claims that Mrs Lowey would, if bailed, pose "tremendous danger" to witnesses, abscond, or commit suicide. "She wants to establish her innocence, then die," he said.

Magistrates refused bail; she was remanded in custody for seven days.



Highly rated: Staff eating at the River Café in west London

A heavyweight PC package at a lightweight price.



£1,159
(£1,391.20 incl. delivery + VAT)



Designed for
Intel Pentium®
Microsoft Windows 95

DELL DIRECT

01344 720000

IND23

Dell is a registered trademark of the Dell Computer Corporation Ltd 1992. Intel, Intel Inside, Pentium are trademarks or registered trademarks of Intel Corporation. Microsoft, Windows, Office 95 and the Windows logo are registered trademarks of the Microsoft Corporation. Delivery is charged at £25 a unit per system. Prices correct as at 1.1.96. Dell Retail is a direct sales company. The photographs are for illustrative purposes only. Prices quoted refer to specifications shown only. The price listed reflects the information available at the time of going to press. Prices change frequently. All prices and specifications are subject to change without prior notice or obligation. In compliance with other manufacturers, reviews are requested using the CFT test actual scoring and is approximately 1% less. Dell Computer Corporation Ltd, Wiltshire House, Wiltshire Road, Bracknell, Berkshire RG12 1JH. Offer available for a limited period only.

news

School tests show decline in standard of English

JUDITH JUDD
Education Editor

Results of last year's national tests at 14 in English, to be published today, are worse than the previous year's with only about 50 per cent of the pupils reaching the standard expected by the Government.

The proportion of pupils getting the top grades has fallen sharply, leading support to English teachers' claims that marking this year was unfair to bright pupils.

Traditionalists said even the 1994 English results showed unacceptable standards of literacy and undermined teachers' claims that standards are rising.

English teachers, however, say the tests are too narrow and do not allow pupils to show what they can do. They want more coursework and fewer formal tests.

Full results of national curriculum tests for 7-, 11- and 14-year-olds taken last spring and summer by 2 million children will be released by Gillian Shephard, the Secretary of State for Education, today.

Delay in publishing the results has fuelled speculation that they are disappointing.

The tests are marked on a scale of one (bottom) to eight (top). Last year, for the first time, they were marked by external markers instead of class teachers.

The Government says that the average 14-year-old should reach between level five and six. But last year only 55 per cent reached level five or better in English compared with 58 per cent the year before.

Only 20 per cent reached level six or more, compared with 31 per cent last year, and just 4 per cent reached levels seven and eight, compared with more than 10 per cent in the previous year – a difference of nearly 40,000 pupils.

The results take into account the 20,000 pupils who had their marks changed after 900

schools complained about unfair marking.

An Exeter University report on the tests, to be published shortly, will say that questions in the compulsory Shakespeare paper were too narrow to allow bright pupils to show what they could do.

Bethan Marshall, an executive member of the National Association for the Teaching of English, which complained about inexperienced markers, said: "The markers were not all English specialists and the mark scheme was too rigid to take account of the bright child who comes up with unexpected answers. This has created some extremely erratic results."

The School Curriculum and Assessment Authority, which advises the Government on exams, has admitted there were difficulties over marking English tests and has promised to tighten up the supervision and training for markers.

It is also piloting new tests for 14-year-olds on Shakespeare which would include coursework and would allow teachers to set tests when they chose. It says English teachers have exaggerated the problems over marking.

Dr Nick Tate, the authority's chief executive, said before Christmas that the test results suggested that standards of reading and writing among seven-year-olds were rising while those in maths remained much the same.

Results for 14-year-olds in English, maths and science remained much the same.

Mrs Shephard will also announce that the Government is to consult on whether to go ahead with performance tables for primary schools based on national tests at 11. At present performance tables are confined to GCSE and A-level results.

Ministers have said they intend to wait until tests for 11-year-olds have "bedded down" before introducing tables. The first tests were set last year.



Missing link: Pot-holer Steve Thomas wading into the major cave system at Dan yr Ogof, in Powys, as part of a search for 10 miles of missing passageways brought to the attention of cavers by continuing heavy flows of water during last summer's drought. Photograph: Rob Stratton

Income support fraud reaches £1.4bn a year

CHRIS BLACKMURST
Westminster Correspondent

Fraud by claimants of income support is running at £1.4bn a year, the National Audit Office confirms today. The public spending watchdog found that almost 1 in 10 of income support recipients are estimated to be fiddling their claims. In all, 561,000 people, or 9.7 per cent of claimants, are committing fraud, the NAO reckons.

False information definitely lay behind payments of £636m, said the NAO, and there is a "strong suspicion" of fraud in cases worth another £773m. So great is the problem that Sir John Bourn, the head of the NAO and the Comptroller and

Auditor-General, refused to give the Benefits Agency, which administers Income Support, a clean bill of health. The agency's accounts were qualified, said the NAO, "because of the high level of expenditure arising from fraudulent claims".

Around 10 per cent of total Income Support payments of £16.6bn is being claimed dishonestly – a proportion that will make grim reading for Peter Lilley, the Secretary of State for Social Security, and will fuel demands from Tory backbenchers for a renewed crackdown.

It comes after a recent study from his department found that fraud in housing benefit, which is dealt with by local councils, may be costing £1bn a year.

In July Mr Lilley announced a new approach for the Benefits Agency – developed after concerns in 1994 – to combat cheats. The strategy puts new emphasis on trying to stop fraud occurring in the first place, while boosting detection and investigation.

Costing £300m, Mr Lilley's onslaught is expected to yield savings of £2bn over the next three years. This year, said the NAO, as part of a further tightening up, the Agency has promised to: simplify the rules on housing costs; improve its computer system; make extra checks before payments; bolster training and send hit squads into agency branches where fraud is especially prevalent.

New divorce laws like 'a shotgun wedding'

The new Family Law Bill is the "legal equivalent of a shotgun wedding" with some aspects hasty and ill-thought-out, says the *Which? Guide to Divorce*, writes Glenda Cooper.

And the Child Support Agency has been a "lost opportunity" due to the complexity of its mechanisms, claims the guide's author, Helen Garlick.

Under the "12-month no-fault" divorce proposals before Parliament, the emphasis will be on mediation to resolve disputes, with restricted access to lawyers.

Of the plans for couples to discuss finance, property and children with trained mediators – viewed by many solicitors as likely to lever them out of the divorce business – Ms Garlick said: "Its success greatly depends

on the skill of the mediators. Yet the assumption is a nationwide network of trained mediators will materialise quickly."

The book warns mediation is not always appropriate, particularly if there are heated and complex disputes. But it welcomes the domestic violence reforms as overdue and the "very sensible re-ordering of the current messy and confusing law".

Ms Garlick, a solicitor, says the Child Support Agency may need a "radical overhaul" if it is to survive.

Marriage is continuing to go out of fashion. Since 1992, when 426,000 couples were married, the number of weddings has fallen by a third. In 1993, there were 299,197 marriages and a record 165,000 divorces.

Mental health care 'in crisis'

GLENDIA COOPER

An investment of £500m is needed to stop the crisis in care for schizophrenics and reduce their 1-in-10 suicide rate, the National Schizophrenia Fellowship said yesterday.

Gary Hogman, research officer with the NSF, told the Royal College of Psychiatrists winter meeting in Stratford-upon-Avon that a multi-million pound investment was needed urgently if proper care was to be delivered to the mentally ill. The £500m would be spent on staff and staff training.

The call comes a week after an inquiry set up by the Government into 39 homicides and 240 suicides involving the mentally ill produced fierce criticism of the National Health Service.

The report, by the Royal College of Psychiatrists, found many patients who killed or committed suicide had lost contact with the psychiatric services or were refusing to comply with treatment.

In a paper called *Caring, Crisis and Cash*, Mr Hogman said that unbearable strain was being put on informal carers who look after schizophrenics – 90 per cent of whom live in the community.

More than four in five carers were providing "crisis" care – caring for someone who has had a severe relapse in mental health and is a danger to themselves and others. And 70 per cent of carers had experienced physical or mental health problems themselves "as a result of the extra burden of caring".

"NSF members are frequently made aware that you have to have a crisis before you can access the mental health services," said Mr Hogman.

"Generally the situation has not improved over the last 10 or 20 years. Informal carers have been left out of the equation and not given the information or support they deserve."

Mr Hogman added: "If what we have now is 'community care' then it is working effectively for only a small minority with severe mental illness. More resources must be made available or the Government must admit the policy cannot be implemented."

"Irritable Bowel Syndrome pain ruled my life. But Relaxyl* changed the rules."

THE UNCERTAINTY OF IBS.

You can never tell when Irritable Bowel Syndrome (IBS) will next strike, nor what form it will take. You may suffer any or all of the following symptoms: stomach muscle spasms leading to cramping pains in the lower stomach, bloatedness and digestive disorders such as constipation or diarrhoea.

HOW DO YOU KNOW YOU HAVE IBS?

The individual's experience of the syndrome can vary so widely. If you are in any doubt you should consult your doctor.

IBS: WHAT CAUSES IT AND WHY DOES IT CONTINUE?

It's likely that stress or a bout of gastro-enteritis can trigger IBS. Once affected, the intestine then reacts unpredictably to certain things, such as particular foods and further stress.

Simply, your intestine goes into spasm: it knots up. Frequently this results in pain; although the other symptoms may also stem from this.



AT LAST - A TREATMENT.

For years, doctors have prescribed alverine citrate for Irritable Bowel Syndrome. Now, this treatment is available without prescription

as Relaxyl*. It calms the spasms that cause IBS; to help restore normal bowel rhythm and relieve the pain and discomfort. If you think Relaxyl* could help you, ask your pharmacist for advice.



Ask your pharmacist about Relaxyl* for IBS

To stop the spasms that start the pain

Contains alverine citrate Always read the label

*Trade Mark

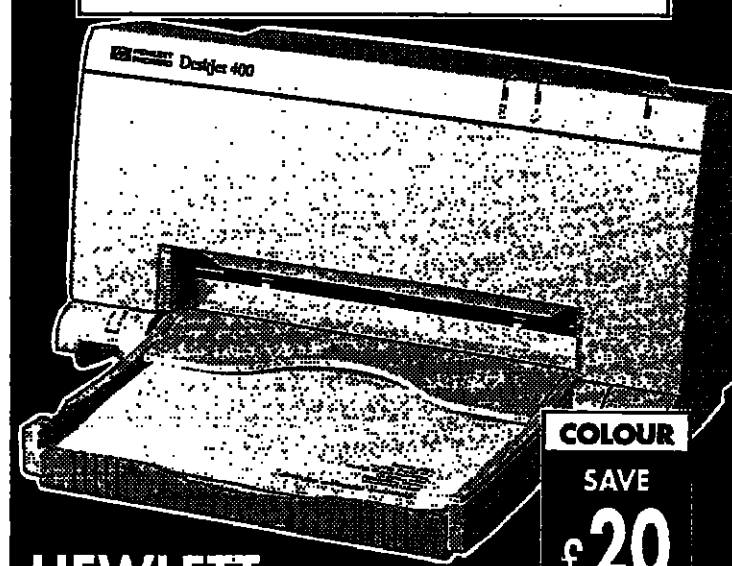
FOR FURTHER INFORMATION ON RELAXYL WRITE TO: RELAXYL, PO BOX 21, GODALMING, SURREY, GU7 2SS

Dixons

TOP BRAND PRINTERS FROM UNDER £200

SALE

SAVE UP TO A TOTAL OF **£50** ON TOP BRAND PRINTERS

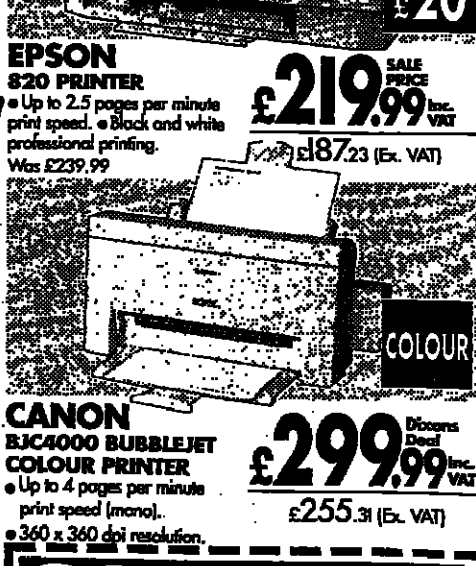


HEWLETT
PACKARD
DESKJET 400 COLOUR
INKJET PRINTER

Up to 3 pages per minute print speed. Compact and easy to use. Automatic 50 page sheet feeder. Was £249.99

SALE PRICE
£229.99

£195 (Ex. VAT)



SAVE UP TO A TOTAL OF **£50** WITH THIS VOUCHER



OVER 350 HIGH STREET BRANCHES NATIONWIDE. TEL: 0181-200 0200 FOR YOUR NEAREST BRANCH

Dixons SALE

Mental health care 'in crisis'

Social Trends: Women still do most housework

New Man fails to survive into the Nineties

NICHOLAS TIMMINS
Public Policy Editor

The New Man of the 1980s has failed to make it into the 1990s. Among couples, eight out of ten women still always or usually do the washing or ironing. Only 35 per cent of men share the job of deciding what to have for dinner and while men and women share shopping more equally, it is still men who are overwhelmingly likely to do the repairs around the home.

More people are taking two holidays a year and more are going abroad. Spending on food and tobacco as a proportion of household expenditure is falling, but housing and transport is taking a larger slice of household budgets, the *Social Trends* analysis of lifestyle and expenditure reveals.

Women spend eight hours more per week on housework, cooking and shopping even when they are working full-time – and as a result men in full-time work tend to have two hours' more free time at weekends than their working partners. But some things change: the proportion of women doing home improvements in their free time rose to 30 per cent.

And while men remain more likely than women to take part in sport or other physical activity, the gap between the genders has narrowed. In 1993-94, 57 per cent of women took part in at least one activity in the four weeks preceding a survey, against 72 per cent of men.

Walking is the most popular activity for both sexes, but men were four times more likely to

play golf, snooker, pool or billiards than women, while higher proportions of women than men went swimming or attended keep-fit classes.

At home, watching television remains overwhelmingly the favourite leisure time activity, with people spending an average 19 hours a week in front of the television or listening to the radio, compared with five hours visiting friends, three reading, and two playing games or hobbies or computing.

On average, three hours a week are spent eating or drinking out, two hours on walks or other recreation and just one on sport. Cycling, despite greater interest in bicycle lanes, has continued to decline, at least on public roads. In 1951, this activity accounted for a quarter of all road traffic, with 21 billion kilometres covered. By 1994, kilometres covered had fallen by one-fifth and cyclists made up just 1 per cent of traffic.

Outside the home, arts activities are increasing. Cinema attendances were up 10 per cent to 124 million admissions in 1994 and attendances at the ballet and opera, at plays, classical music and art galleries all rose over the past decade.

Rising wealth – household spending has risen by three-quarters since 1971 – has seen changing expenditure patterns. The proportion spent on food has nearly halved to 11 per cent since 1971, and the proportion spent on other essentials such as fuel, power, clothing and footwear also fell. Housing, however, accounts for a higher proportion – the result both of

rising owner-occupation and higher rents. Expenditure on holidays abroad nearly quadrupled over the same period.

The proportion of adults taking one holiday a year has remained fairly constant at about 60 per cent, but the proportion taking two or more has risen fourfold to 26 per cent over the past 30 years. Changed expenditure on food has not prevented a healthier diet – though not among the young. The 16- to 24-year-olds were the least likely to eat vegetables, salad, fruit and high-fibre cereal regularly. In addition, higher proportions of 18- to 24-year-olds drank excessively.



Poet's corner: David Freckleton, exhibitions organiser at Glasgow's Mitchell Library, moves an engraving of Robert Burns in the new Burns Room, which opens today, the 200th anniversary of the poet's death. It will also house the Scottish Poetry Library. Photograph: Colin McPherson

WE BLAST EACH JAGUAR WITH 2,880 LITRES OF PRESSURISED WATER.

BONDED GLASS ASSEMBLY
PURRUM BUMPERS
EXTENDED REAR DOOR HINGE
ROBOTIC ASSISTED PRECISION GLAZING
HEAT EXPANDED BODY PLUGS FOR OPTIMUM SEAL
SEALED ELECTRICAL DISTRIBUTION SYSTEM • Q1 ASSEMBLY QUALITY CONTROL
COMPUTER AIDED DESIGN STYLING
BEST-IN-CLASS PAINT PROCESS
6 YEAR ANTI-CORROSION WARRANTY
DOUBLE-SIDED ZINC COATED BODY PANELS
PRIMARY AND SECONDARY DOOR MOUNTED SEALS • CHIP-RESISTANT PVC UNDERSEAL
WELDED DOOR FRAMES FOR RIGID FIT

SO ANYTHING YOU MEET WILL BE A DROP IN THE OCEAN



THE ADVANCED TECHNOLOGY JAGUAR XJ SERIES.

At the Jaguar manufacturing facility in Coventry there lurks a water torture. It's a chamber of hoses and nozzles, inside which every new Jaguar must endure a monsoon propelled at 21 p.s.i. into every nook, cranny, arch and seal.

Comfortably ensconced inside the car, however, is a bone-dry engineer. But then every door has primary and secondary seals to repel water (and minimise wind noise).

Our glaziers are assisted by robotics to ensure

the absolute alignment and fit of the front and rear screens. The electrical systems are double-sealed to resist the merest hint of moisture.

This aquatic assault course is but one of the 2,250 quality control checks which every Jaguar must pass before it can be offered to you.

Which is why, with absolute confidence, we can back it with a class-leading 3 year/60,000 mile manufacturer's warranty.

To find out more or to arrange a test drive, just call freephone 0800 70 80 60 or complete and return the coupon. Or call in soon at your nearest Jaguar dealer. When it's raining, ideally.

Please complete this coupon and send to Jaguar Information Service, Freepost LON 4013, London NW1 0YR. Or call freephone 0800 70 80 60 or fax 0171 611 6968.

Name (Mr, Mrs, Miss) _____

Address _____ 437

Postcode _____

Tel No. _____

Current car _____

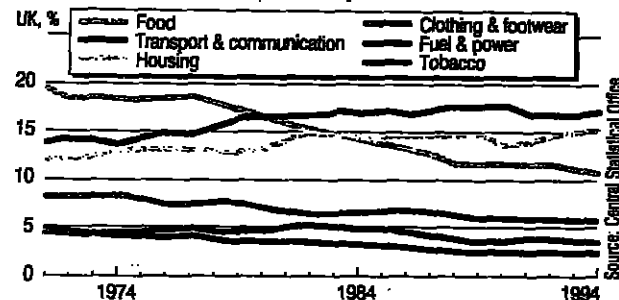
Model _____

Year _____



JAGUAR
DON'T DREAM IT. DRIVE IT.

Household expenditure



Division of household tasks, 1994

Great Britain, %	Always the women	Usually the women	About equal or both	Usually the men	Always the men	All couples
Washing and ironing	47	32	18	1	1	100
Deciding what to have for dinner	27	32	35	3	1	100
Looking after sick family members	22	26	45	-	-	100
Shopping for groceries	20	21	52	4	1	100
Small repairs around the house	2	3	18	48	25	100

Source: British Social Attitudes Survey, Social & Community Planning Research

Education takes more time as work shrinks

Britons are becoming better qualified, retiring or having to give up work earlier, and spending longer in education, according to the latest edition of *Social Trends*, writes Nicholas Timmins.

But despite an educational and work revolution which is tending to shorten working lives while the population ages, young people still quit formal education much more quickly than in many competitor countries. Education is starting earlier. More than half of three- and four-year-olds now attend school full- or part-time, compared with one-fifth 25 years ago.

The proportion staying on at school past 16 has almost doubled since 1980, and there has been a "spectacular" growth in the number of 18-year-olds entering further and higher education. In the three years to 1993-94 the number of full-time students increased more than 40 per cent in higher education and 50 per cent in further education – increases greater than over the whole of the previous decade.

But despite such dramatic growth, the UK still lags behind other countries. By 18, barely half are still in education against four-fifths in France and Germany. In addition, more than one-third of UK participants are part-time when in other countries education and training is almost all full-time.

As education lengthens, however, working life, particularly for men, is being squeezed at the other end. Only a fraction more than half (51 per cent) of men aged 60 to 64 now work, against four out of five in 1971, and the proportion is expected to fall below a half by 2000.

Some of the dramatic decline reflects earlier retirement made possible by the growth of occupational pension schemes. But some is forced retirement. Older workers – along with the young – are the most likely to be made redundant. And once out of a job, older workers are the least likely to get back into one. Of men unemployed for a year, about 60 per cent of those aged 50 to 64 had been out of work for a year or more compared with 45 per cent of those aged 20 to 29. "Redundancy is a real fear among people," *Social Trends* records, even though redundancy rates have fallen in recent years.

The changed work patterns have also brought a marked shift in people's attitudes over the role of trade unions. Seven years ago, in 1989, 28 per cent of those questioned listed improving pay as the most important thing they thought trade unions should do. By 1994, that had changed dramatically. More than twice as many (37 per cent) wanted unions to concentrate on protecting jobs, against 15 per cent listing improving pay as their most important task. That change was also reflected in more than twice as many union members saying they believed unions should have a larger say over management's long term plans. "Job security is seen as a major concern," the report says.

But while work is shrinking for men, it is rising for women, a reflection of more part-time jobs, but also women having fewer children, delaying having them and are more likely to return to work after having a child. *Social Trends* 1996, HMSO: £35.95

politics

'Arms to Iran' firm bypassed Cyprus embargo

CHRIS BLACKHURST
Westminster Correspondent

The defence company at the centre of the arms to Iran affair was also using Singapore as a way of avoiding a British embargo against supplying Cyprus, the Trade and Industry Select Committee was told yesterday.

A former director of the company was also accused by an MP of having a "selective memory" after denying he had not even heard factory rumours arms were destined for Iran.

A memorandum to senior executives of BMARC reveals Singapore was being used as a conduit for ammunition for 35mm guns – the same role it played in the supply of 140 naval guns to Iran in defiance of a United Nations blockade.

Jonathan Aitken MP, who sat on the BMARC board, has denied knowing Iran was the final destination for the naval guns order, codenamed Project Lisi.

In evidence to the select committee, which is investigating the Lisi deal, other ex-BMARC directors, William McNaught and Major-General

Donald Isles, have maintained they did not know the artillery pieces were heading for Iran or that Singapore was a stop-off.

Dated 4 January 1989, the memo was sent by Mr McNaught, BMARC's managing director, to five colleagues, including Major-General Isles. It details how the firm had failed to obtain an export licence for Greek Cyprus in 1987. As a way around the embargo, the ammunition was ordered by Oerlikon, BMARC's former Swiss parent, from the company's Grantham factory and sent to Singapore, from where it was shipped to Cyprus. At the same time as BMARC was using this device to arm Cyprus, shipments were being made to Singapore as part of Lisi.

The memorandum emerged as MPs quizzed Stephan Kock, another ex-BMARC director. In a session that became heated at times, Mr Kock downplayed Lisi, claiming it was not "a very large project". He admitted, though, it had been discussed. Board minutes did not include much mention of Lisi – possibly, it was revealed, because the

minutes had been doctored. While Major-General Isles said he had heard factory rumours that the Lisi guns were going to Iran, Mr Kock said he had not heard them. He was accused by the MP Ken Purchase of having "a selective memory".

MPs repeatedly questioned Mr Kock about his own background in the defence industry, the armed forces and intelligence. He admitted keeping in contact with the security services while on the BMARC board.

After Mr Kock accused Gerald James, the former BMARC chairman who claims his fellow directors did know Lisi was bound for Iran, of "always looking for spoils under the bed", Martin O'Neill, the committee chairman, replied that Mr Kock was "a spook above the bed".

Mr Kock also denied the company ran "a secret order book", as alleged by Mr James. And he avoided answering a question by the MP Keith Hampson about the Cyprus memorandum. Instead, Mr Kock paid tribute to Government officials administering the export licensing system.



Save my bacon: The actress Joanna Lumley cuddling Babe, an eight-week-old piglet, as they arrived outside the Parliament yesterday for the launch of Compassion in World Farming's 1996 campaign to win a new status for animals as 'sentient beings' in European law. Photograph: Edward Sykes

Doughty performer stands her ground at despatch box

Harriet Harman last night proved to her Labour colleagues that whatever they might think of her judgement in sending her son, Joseph, to a grammar school, she is a doughty Commons performer under pressure.

Opening a Labour-initiated debate on the health service – scheduled before the schooling row broke – Ms Harman managed both to stifle Tory attempts to embarrass her and to mount an effective attack on "privatisation by the back door".

"This debate is about the crisis in our National Health Service," Ms Harman began. "It is about the hundreds of patients who wait on trolleys for emergency treatment. It is about the thousands who are denied the treatment they need."

The jeers of Tory backbenchers in a House unusually well attended for an Opposition debate, suggested otherwise. Noting the packed benches opposite him, David Shaw, Conservative MP for Dover, said Labour MPs had been banned from the Commons tea room.

Later Mr Shaw came perilously close to being ordered out of the chamber after shouting

□ Harman keeps cool in face of Tory onslaught □ NHS 'safe only with the party that created it'

out that Tony Blair was a "hypocrite", but finally withdrew the accusation under pressure from the deputy speaker, Michael Morris.

The Labour leader, and his deputy, John Prescott, were on the crowded Opposition front bench to support Ms Harman.

Inside Parliament
Stephen Goodwin

while her husband, union official Jack Dorney, watched from the public gallery.

John Sykes, MP for Scarborough, was one of the first Tories to try to trip up the Labour health spokeswoman. "Isn't it a good thing there's no such thing as a grant-maintained hospital?" he asked.

"Wouldn't she be in more trouble in that case?"

But Ms Harman said she was surprised Mr Sykes was not rising to complain to the Health Secretary, Stephen Dorrell, about the fact that 7,546 hospital beds had been closed in his own health region. "I believe that is what his constituents want him to be speaking up about in this House of Commons, rather than making cheap points."

Pressed by another Tory about her commitment to the "Conservative principles of choice", Ms Harman said she had not taken private health care, but that for many people, the treatment they wanted was no longer available on the NHS.

Ducking the question of whether Labour would actually abolish GP fund-holding, she said the party would bring together staff, patients and communities to create a consensus on future health care. "We will transfer the £1.5bn the Government wastes on

bureaucracy to front-line services", and "end the unfair system where treatment is dependent on which GP is purchasing the health care, not on the clinical need of the patient".

"The Tory party in their hearts hate the NHS. The only safeguard for the NHS is the party which created the NHS – the Labour Party."

Stephen Dorrell hit back with a scathing attack on Labour's "hypocrisy". Just keeping within the rules of order for a health debate, he said: "The thing that makes us angry is the distinction between what they say and what they do."

The Opposition had put a "completely new political principle into action" – remaining silent to express "warm fraternal solidarity" with Ms Harman.

Mocking the failure of some Shadow Cabinet colleagues to support her, he said: "The reason Ms Harman is right and virtually all her colleagues on her own backbenches are wrong is that she has shown by her actions that she endorses the principles and values of a free and open society. That is important in the world of education and equally important in the world of health care."

Training chiefs' £1 liability attacked

CHRIS BLACKHURST

One of the Government's flagship initiatives for alleviating the problem of long-term unemployed young people was criticised yesterday by a powerful group of MPs.

The Commons Public Accounts Committee, which has a majority of Tory members, expressed "grave concern" that the directors of Training and Enterprise Councils, private companies set up with more than £1.4bn of taxpayers' money to manage young people's training, have a personal liability of just £1 each in the event of failure. The TEC in South Thames has already collapsed.

Stephen Byers, Labour's education and employment spokesman, called for changes in the accountability of TEC directors.

"It is simply unacceptable that people responsible for spending such large sums of public money have personal liability of just £1," he said. "Changes must be introduced which will ensure that directors are held liable for reckless spending."

In the case of South Thames, the chief executive, Michael Hanson, retired because of ill-health. The board agreed to make him an *ex gratia* payment of £30,375.

"Would the directors of South Thames have acted in this cavalier way if they could be held personally responsible for such spending?", Mr Byers asked.

HEATHER MILLS
Home Affairs Correspondent

A voluntary identity card scheme is to be introduced later this year, following a Home Office survey showing most people do not want to be compelled to carry identification.

Baroness Blatch, the Home Office minister, yesterday told a Commons committee that the Government had reached no final decisions over a national identity scheme. But sources confirmed that the threat of a Cabinet rift had already ruled out a costly compulsory scheme. Ministers were said to favour a voluntary scheme based on a photocard driving licence.

It also emerged that what was in any event a lukewarm commitment to a compulsory scheme has now been further watered down by the realisation

that ID cards would have little or no impact on crime.

However, Lady Blatch insisted yesterday that a scheme would ease people's "fear of crime". They would believe it was "another shot in the arm of the police in the fight against crime", she told the all-party Home Affairs Select Committee.

Jack Straw, shadow Home Secretary, immediately attacked the Government for its indecision. "First there was the hype, then silence and now a gradual retreat," he said.

The idea was warmly welcomed by the Tory grassroots when it was held up by Michael Howard, the Home Secretary, at the party conference two years ago as a major weapon in the fight against criminals, illegal immigrants and benefit scroungers.

Enthusiasm has since been

more muted. Criticised as an attack on freedom, the proposals united the libertarian left and right – including those in the Cabinet. Even the police were ambivalent – unconvinced of the scheme's crime-fighting merits, and concerned about the potential for harassment claims.

There was also Treasury opposition – a compulsory scheme would have cost about £600m – and the evidence of studies from countries that have ID schemes indicating that they had very limited impact on crime, fraud, and illegal immigration.

A government consultation paper, published last May, outlined a number of possible options. A subsequent Home Office survey of over 2,600 voters found that just over half favoured some kind of scheme, but less than a third wanted a compulsory card. About 30 per cent were dead set against.

'Tartan tax' blow to Tories

JOHN ARLIDGE
Scotland Correspondent

The Tories' campaign against Labour's devolution proposals suffered a setback yesterday when Michael Forsyth, the Secretary of State for Scotland, was ordered to stop making claims that a Scottish parliament would impose a "tartan tax".

Sir Robin Butler, the head of the Civil Service, ruled that the phrase, which is the cornerstone of Mr Forsyth's campaign against a revenue-raising Edinburgh assembly, was "party political" and could no longer

be used in official government communications.

Tartan tax claims have appeared in numerous Scottish Office documents in recent weeks, angering Labour and the Scottish National Party, who have accused Mr Forsyth of using civil servants to peddle Tory propaganda.

Sir Robin's move comes a week after a bitter dispute over a speech by Mr Forsyth in which he used another Tory slogan – devolution converts "new jobs to nae jobs".

George Robertson, the shadow Secretary of State for Scot-

land, wrote to Sir Robin, the guardian of political neutrality in the Civil Service, asking him to rule whether the phrase "tartan tax" could be used in Scottish Office documents. Labour says a Scottish administration would not raise taxes.

After consultations with Sir Robin, Sir Russell Hillhouse, the permanent under-secretary at the Scottish Office, agreed that the phrase was partisan.

Mr Forsyth remains free, however, to refer to the tartan tax in remarks at government functions, in the Commons, and at Conservative meetings.

The Original

Blue Cross

LAST 4 DAYS

Ends Sunday 28th
January in most stores
See below for further details*

A FURTHER
20% OFF
selected sale prices
Womenswear,
Childrenswear, Accessories,
Menswear and Home

THE DIFFERENCE IS
DEBENHAMS

*Open Sunday 28th January in stores listed below

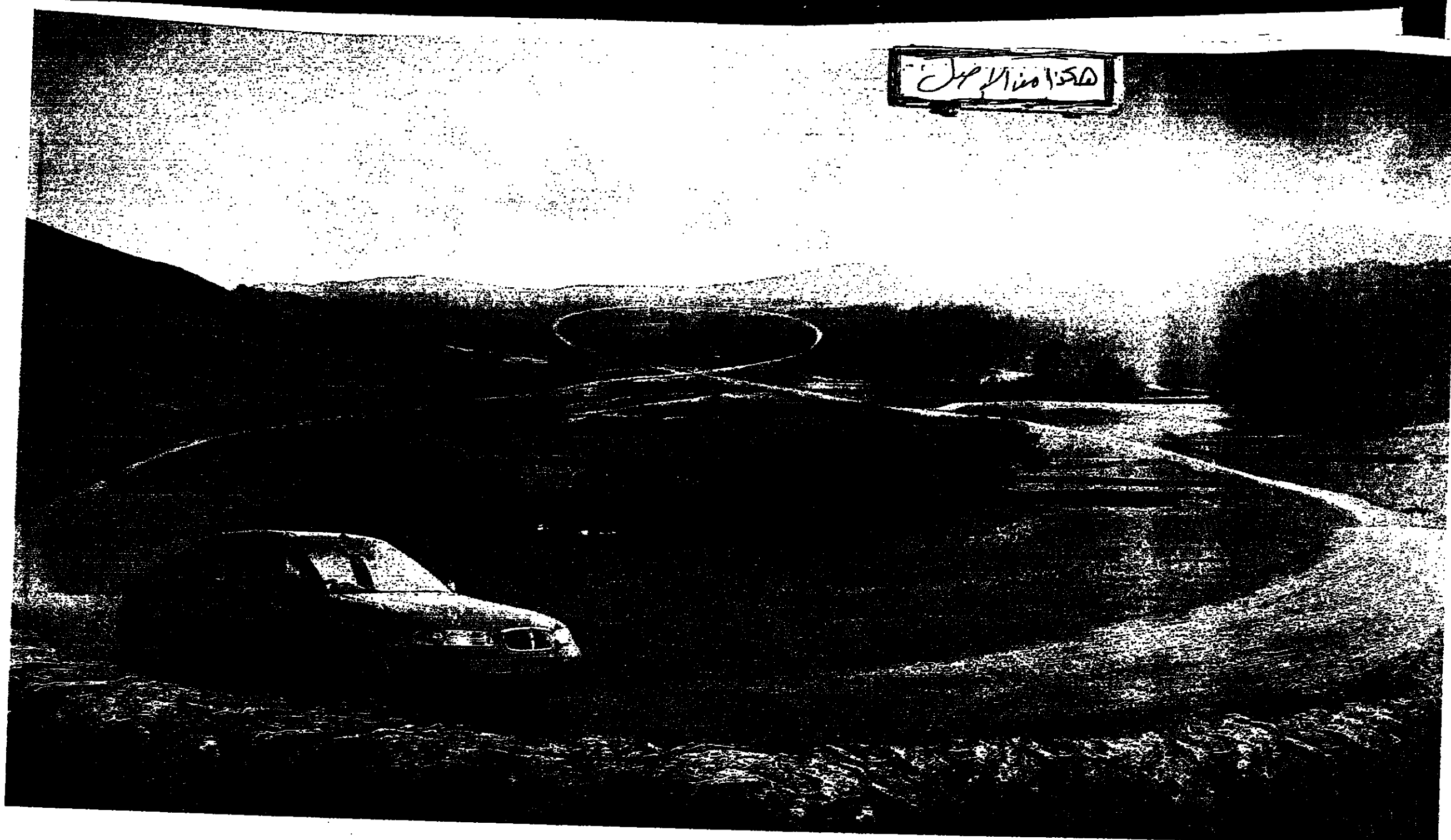
Aberdeen, Belfast, Bolton, Bournemouth, Bristol, Bromley, Cambridge, Canterbury, Cardiff, Chelmsford, Cheltenham, Chester, Colchester, Croydon, Derby, Dudley, Eastbourne, Edinburgh, Exeter, Folkestone, Glasgow, Gloucester, Guildford, Harrow, Hull, Ipswich, Lakeside, Leicester, Leeds, Manchester, Meadowhall, Middlesbrough, Norwich, Nottingham, Oldham, Oxford Street, Oxford, Plymouth, Preston, Reading, Romford, Sheffield, Southampton, Southend, Southsea, Stockport, Swansea, Swindon, Taunton, Telford, Walsall, Wimbledon.

Prices return to normal on Monday 29th January 1996.

DEBENHAMS

MOST OFFERS AVAILABLE IN ALL DEBENHAMS DEPARTMENT STORES INCLUDING BROWNS OF CHESTER.
STOCK SUBJECT TO AVAILABILITY.

011 001 520



THE SMOOTHEST DIESEL FROM HERE TO INFINITY.

We can go even further. The new Rover 400 Diesel is the smoothest 2.0 litre car in its class on the road.

An innovative suspension system, hydraulic engine mounts and NVH suppression all help to eliminate noise and resonance to provide the driver and passengers with the smoothest of long-distance rides.

It's also a powerful addition to a range which includes the 1.4, 1.6 and 2.0 litre petrol-driven versions. (Thanks to two new high-performance L-series direct-injection, turbo-charged engines.)

Capable of making 0-60 in 10.4 seconds, the 105ps intercooled unit employs an advanced fuel management system and produces such impressive performance and economy figures as to... Well, we don't need to embarrass its so-called rivals here, the open road's the place for that.

Standard features include a driver's airbag, anti-theft alarm with passive engine immobiliser, power-assisted steering and electronic sunroof.

We could go on and on.

Once you're in the driver's seat, you'll be more than happy to do just that. Ad infinitum.

For further information contact your local dealer or telephone 0345 186 186.



ABOVE ALL, IT'S A ROVER

MODEL SHOWN 42501 £14,995. PRICES CORRECT AT TIME OF GOING TO PRESS. EXCLUDE £220.00 COST OF DELIVERY TO DEALER, NUMBER PLATES AND 6 MONTHS ROAD TAX. SUBJECT TO AVAILABILITY. *MANUFACTURER'S DATA

US budget crisis: President's masterful State of the Union message allays market fears and boosts his hopes for re-election

Acclaim for Clinton as he woos Congress

RUPERT CORNWELL
Washington

Hours after President Bill Clinton's widely acclaimed State of the Union Address, the Republicans and the White House moved yesterday towards compromise on a stop-gap spending bill to avert another government shut-down this weekend and on a formula to increase the debt ceiling, preventing a threatened government default next month.

In a speech that effectively began his re-election campaign, Mr Clinton urged the Republican Congress to join him in passing those parts of a balanced budget plan on which both sides agreed. After the Speaker, Newt Gingrich, responded by offering a measure to lift the borrowing ceiling "as early as next week", the White House professed its

"encouragement" at Mr Gingrich's words.

An increase in the \$4.9bn (£3.1bn) ceiling, which Republican hard-liners have blocked in order to exert pressure on Mr Clinton to accede to a seven-year plan to balance the budget, assumed new urgency this week after Robert Rubin, the Treasury Secretary, warned the US would go into default on 1 March. The unprecedented move could cause turmoil on world financial markets.

Yesterday that prospect was receding, not least because Republicans were aware that Tuesday night unarguably belonged to Mr Clinton. Press and public reviews were overwhelmingly favourable. One instant poll afterwards registered 70 per cent public approval, while a two-to-one margin of Americans blamed the Republicans for the budget impasse.

The President urged Democrats and Republicans to put aside differences for a new "Age of Possibility" for America. By co-opting many Republican themes, from crime to "family values", he took dead aim at the crucial middle ground of US politics where the next election will be decided. Even Mr Gingrich conceded it was a "remarkably Republican speech".

"The era of Big Government" is over, Mr Clinton declared, in one of the few passages to draw cheers from Republicans. But he added in an implicit dig at his opponents' heartless radicalism, "We cannot go back to the time when our citizens were left to fend for themselves." Mr Clinton produced no important legislative proposals. Instead he peppered his speech with exhortations to "stand together

and seek the "common ground".

By contrast it was Bob Dole, the Senate majority leader and Mr Clinton's most likely foe in November, who came across as crabby and partisan as he delivered the Republican response. Anxious not to be outflanked by conservative rivals, Mr Dole accused Mr Clinton of "elitism" and of being "held back by outdated values".

Mr Dole's spirits would not have been lifted by new opinion polls, showing advances by his chief competitor for the nomination, Steve Forbes. In New Hampshire, where the first primary takes place on 20 February, one poll puts him ahead by only eight points. In Arizona, which holds its primary a week later, the multi-millionaire magazine publisher is leading by a solid 39 per cent to 27 per cent.



Laughing matter: A light moment during the State of the Union session, when, before the address, Newt Gingrich was handed a mock text of Bill Clinton's speech, as Vice-President Al Gore claps. Photograph: Reuters

Grumpy old men hand it to Bill

Washington — There was a special showing of Grumpy Old Men on Tuesday evening. Not the smash film with Jack Lemmon and Walter Matthau, but the Capitol Hill version, without a laugh in the script, featuring the Republican elders in Congress and starring Bob Dole — the Meanest Scowl in Town.

For students of politics as in image, Bill Clinton's State of the Union address was a dream. There he was, the Husband of Hillary to be sure, but youthful, appealing, and above all projecting good cheer. True, on the rostrum behind him Vice-President Al Gore was doing his habitual impersonation of a Secret Service officer. But compared with the Republicans even the famously wooden Al came across as a bundle of fun.

Next to Mr Gore sat Newt Gingrich. Only once did the

Speaker's countenance lighten, when just before the speech Mr Clinton handed him a sheet of paper. Earlier that evening, a television reporter had inquired of the Speaker what he would like the President to say. "Thank you and good night," came the reply. That was the mock text Mr Clinton handed him. Even Mr Gingrich, who has not had much to smile about of late, had to grin.

But that was the end of the festivities as far as Republicans were concerned. A few times they clapped. For the rest, if the cutaway television shots were any guide, they sat in a silence that was, well, just grumpy. A peevish Al D'Amato, chairman of the Senate Watergate committee and Mrs Clinton's Congressional persecutor-in-chief, raised a faint smile as the President praised his wife in the

gallery as a "magnificent mother, wonderful wife, and great First Lady".

Then the camera panned on to Senator Strom Thurmond of South Carolina, 93 years young and staring blankly ahead. And the instant Mr Clinton finished, many Republicans sprinted from the chamber rather than accord the courtesy of applause. But that was just a trailer for the main show.

Pity Bob Dole. Probably history will remember him as a man who should have been President, but wasn't. If so, the reason will be in part his age of 72, which would make him the oldest ever occupant of the White House should he win the election and which even long sessions under the tanning machine cannot conceal. But most damaging of all, he's grumpy. As he officially responded on

behalf of the Republicans, Mr Dole gamely did his best, littering his speech with words like "future", "children" and "youth" and trying to smile. Alas, even Walter Matthau on a bad day looks radiant compared to a smiling Bob Dole. Stuffy he stood there, an old man without vision, parroting lines about values and "getting the country back on track", unable to resist gibes at young Bill Clinton the "elitist".

A nation must have watched and wondered. Is that the best the Republicans have? Mr Dole remains the front-runner for the nomination. But if Tuesday night was a preview of the first debate of the campaign, the President won hands down. In politics, grumpiness doesn't pay.

Rupert Cornwell

Warning of Chinese attack prompts 'jitters' in Taiwan

STEPHEN VINES
Hong Kong

Renewed fears of a Chinese attack on Taiwan have been roused by a report in yesterday's *New York Times* that the Chinese government would launch a series of daily missile attacks against the island following the March presidential election.

Such a move, the *Times* said, would be designed to pre-empt moves to secure international recognition for the island's government. Peking views Taiwan

as a renegade province. However, a senior US official said the Clinton administration had "no independent confirmation" of such a plan, and China's foreign ministry called the report "totally groundless".

The warnings are reported to have been delivered by Chas Freeman, a former assistant secretary of defence who is among a group of former US officials regarded as "very old friends of China". Mr Freeman's contacts with senior

Peking officials go back to the days when he acted as President Richard Nixon's interpreter during Nixon's ground-breaking visit to China in 1972.

Peking reacted with fury last year when President Lee Teng-hui of Taiwan made a so-called private visit to the United States, a move that appeared to foreshadow the end of Taiwan's diplomatic isolation. But the strength of the Chinese reaction seems to have drawn the United States back to its original "one-China" policy, which of-

fers no scope for recognising the government of Taiwan. China, in turn, has been less aggressive in pursuing its claims.

Now, however, China appears to be worrying that President Lee will triumph in the first-ever democratic election for a Chinese head of state and that he will use his mandate to canvass international support for Taiwan in the US.

The report says that Mr Freeman conveyed China's concerns to Anthony Lake, President Clinton's national security

adviser, on 4 January and that the matter was discussed at a White House meeting of non-government China specialists.

The plan, according to Mr Freeman, is for one conventional missile strike a day for 30 days, not to start a war but to warn the US to keep out of Sino-Taiwanese relations and to persuade President Lee to maintain a low profile.

Mr Freeman, who has previously criticised President Lee in public, confirmed the report. In Taiwan, where talk of Chinese

military action always provokes jitters, officials said the report was unconfirmed, and could not provide a basis for comment.

However, tension between the two sides of the Taiwan Strait is higher now than at any time since the late 1970s, when the two sides last exchanged artillery fire. China last year launched a series of deliberately threatening military exercises off Taiwan's coast and the government in Taipei retaliated with a series of more modest military manoeuvres.

Meanwhile, rumours of preparations for war have multiplied, reaching a peak last November with reports that China had changed its criteria for authorising a military invasion of Taiwan, classifying the island as harbouring a "covert independence movement". Limited military action was justified, therefore, to prevent further breakthrough moves.

Officially both the Chinese and Taiwan governments are committed to a policy of reunification but China fears that

President Lee, the first native Taiwanese to head the island's government, is intent on drawing the two states further apart.

Much of the Chinese military pressure has been aimed at undermining confidence in President Lee but the crude methods of intimidation seem to have backfired and placed the President in an unbeatable position for the forthcoming presidential elections. China's best hope now is to look for ways to minimise his opportunities for capitalising on his position.

IN BRIEF

US 'blue beret' objector court martialled

Bonn — An American soldier who refused to don the blue beret of the UN peace-keeping forces in the former Yugoslavia was found guilty yesterday of disobeying a lawful order, writes Imre Karacs. Michael New, a 22-year-old army medic serving in Germany, turned out for a parade in his regular US uniform as his unit set off for Macedonia last October. He argued that he had taken an oath of loyalty to the US, and not to the UN, which then commanded peace-keeping forces in the Balkans. He was given a bad-conduct discharge from the army. New is the first member of the US armed services court martialled for refusing to wear UN insignia on his uniform or to accept foreign command on a UN operation.

Ethiopian Jews in 'tainted blood' row

Jerusalem — Ethiopian immigrants were enraged yesterday by Israel's blood bank had for years been accepting their donations but disposing of their blood for fear of the HIV virus. The head of the country's central blood bank, Amnon Ben-David, confirmed a newspaper report that virtually all blood from Ethiopians was summarily destroyed without any tests. The newspaper showed a picture of a blood unit marked: "Do not use because donor is from Ethiopia". Adiso Masala, of the Organisation of Ethiopian Immigrants, said that of 60,000 Ethiopians in Israel, 300 were infected with the HIV virus. But the Health Minister, Ephraim Sneh, said the rate of HIV among the Ethiopians was 50 times higher than the general population. *Reuters*

Utah firing squad in dress rehearsal

Salt Lake City — Five marksmen practised firing on command and a prison worker played the part of a convicted killer as Utah conducted a dress rehearsal for its first execution by firing squad in 19 years. John Albert Taylor, sentenced to die for raping and strangling an 11-year-old girl in 1988, will be led out of a holding cell, strapped into a chair and shot through the heart just after midnight tomorrow. Taylor, 38, will be the first inmate to die by firing squad since Gary Gilmore in 1977. *AP*

Gaddafi discusses US Muslim role

Tunis — The Libyan leader, Muammar Gaddafi, held talks with the visiting US black activist Louis Farrakhan on the formation of an effective Black Muslim lobby in the US. Libya's official news agency Jana reported that Col Gaddafi and Mr Farrakhan discussed at their meeting on Tuesday "the situation of Muslims in America and the ways to unify, mobilise, and organise them in proper institutions with the aim of getting an important and an influential role in the next US elections". *Reuters*

Internet dodges ban on Mitterrand book

Paris — Police said yesterday they had paid an informal visit to a provincial French "cybercafe" after it fed a banned book on the late president Francois Mitterrand's battle with cancer into the worldwide Internet computer network. A police inspector in Besancon, 40 miles east of Dijon, stressed the visit was not part of legal proceedings. The Cafe Web put on the Internet the book by Mitterrand's doctor Claude Guibler, which says the president, who died of cancer on 8 January, lied about his illness for 11 years. *Reuters*



Chain reaction: A man stands shackled at Tokyo's Shinjuku station as police evict homeless people from the building after commuters complained. Photograph: Reuters

Polish PM forced to resign over links with KGB man

ADRIAN BRIDGE
Central Europe Correspondent

Poland's Prime Minister, Jozef Oleksy, resigned last night after military prosecutors announced their intention to investigate allegations that he spied for Moscow for more than a decade. "In the name of reasons of state, I have decided to resign," Mr Oleksy said on Polish television. But he firmly reiterated his position that he is innocent.

Mr Oleksy, a former Communist, firmly denied the accusations, which centre around his long friendship with a former Russian diplomat who was simultaneously working as a colonel within the KGB.

In an interview published earlier this week, however, he conceded that the link had been "imprudent". "I think I am guilty of a certain imprudence," Mr Oleksy told the weekly magazine *Polityka*. "I can see it very clearly

now, but I did not see it that way at the time," he said.

The allegations against Mr Oleksy have dominated Polish political life since they first surfaced in a dramatic final week of Lech Walesa's presidency at the end of last year. According to the then interior minister, Andrzej Milczanowski, Mr Oleksy had passed information, including classified documents, to a KGB agent in Warsaw from the early 1980s until the time he became Prime Minister last March.

Mr Oleksy quickly confessed to having had a long association with the Russian diplomat Vladimir Alganov. But he denied any knowledge of Mr Alganov's KGB activities — or of having provided him with classified information.

For many Poles, the closeness of the relationship — regardless of whether any information was exchanged — has demonstrated a clear lack of judgement by Mr Oleksy. The centre-right

opposition, spearheaded by the former President, Lech Walesa, has not surprisingly been baying for his blood. More worrying for the Prime Minister, many members of his own former communist Democratic Left Alliance (SLD) felt he should go.

"Mr Oleksy is being seen as a liability within his own party," said a Western diplomat, adding that many people regarded close contacts with Russian diplomats as having been "OK" until 1989, but not so afterwards.

A gleeful Mr Walesa yesterday said that in addition to Mr Oleksy resigning, the country should hold fresh parliamentary elections, not officially due until September next year.

Mr Walesa's successor, Aleksander Kwasniewski, another former Communist, has also indicated that early elections may be the only way out of this political crisis, which has almost totally eclipsed the first month of his presidency.

Gonzalez ally to be tried over hit squads

ELIZABETH NASH
Madrid

Amid the storms lashing Spain in recent days was a political thunderbolt that threatens to blow asunder Felipe Gonzalez's election chances and possibly wreck his party.

The Supreme Court is to try the former interior minister Jose Barrionuevo, a member of the Prime Minister's inner circle, for setting up a hit-squad against Basque separatists and financing it from ministry slush funds.

The charges, announced yesterday by the Supreme Court judge Eduardo Moner, bring this most serious of the scandals to have eroded the Socialist government's credibility nearer than ever to Mr Gonzalez. For the moment, he is backing his former minister to the hilt.

Mr Barrionuevo, who is on bail, is charged with illegal detention over the kidnap of a French businessman mistaken for an Eta member, with misuse of public funds; and with association with an armed gang, the Anti-terrorist Liberation Group, or Gal.

Mr Moner said "proven facts" pointed to Mr Barrionuevo as organiser of Gal and in particular its first act, the kidnapping of Segundo Marcy. The former minister ordered Mr Marcy to be held even after he was discovered to be the wrong man, apparently to put pressure on France.

The bombshell is a gift to the conservative Popular Party leader, Jose Maria Aznar, who, if he plays his cards right, may sail to absolute victory in general elections on 3 March.

WITHOUT FAMILY

21 years ago, Father Brennan founded the Pattaya Orphanage which provides the necessary security and love for orphans and handicapped children. Without you and without the Orphanage, these abandoned children would die on the streets of Thailand.



Brennan secure their future by helping to sponsor a child at the Orphanage.

...BECOME THEIR SPONSOR...

Sponsors are sent a Video of the Orphanage, showing the environment in which the children live. The cost of helping to sponsor a child for 1 month is £15.12 (£181.44 per year)

Help Sponsor a child for only 50p a day.

To Rev Fr. Raymond A. Brennan C.Ss.R., The Pattaya Orphanage Trust, Dept. INDSH016W, FREEPOST, LONDON W14 0BR or call 0171 602 6203 for Access and Visa credit card donations (Reg Charity No 286000)

☐ YES I wish to sponsor a child and I enclose herewith a cheque in the amount of £15.12 representing the first month's sponsorship fee. I look forward to receiving details of the child I am helping to sponsor and the Video of Father Brennan's work at the Orphanage.

☐ I cannot sponsor a child, but I enclose herewith a donation of £250 £100 £50 £25 £10 £5

Cheques / Postal Orders should be made payable to The Pattaya Orphanage Trust.

Name: _____

Address: _____

Tel: _____

Chechen rebels deliver hostages to safety

BRIAN KILLEN
Reuters

Novogrozny — Chechen rebels yesterday released 42 civilian hostages seized two weeks ago in the raid in the neighbouring region of Dagestan which ended in a bloody showdown with Russian troops. The hostages, looking tired but glad to be going home, left in a yellow bus from a two-storey school building in the

eastern Chechen town of Novogrozny.

The bus, which followed a convoy of cars with Dagestani officials and religious leaders, wound through a crowd of several hundred Chechens chanting "Allahu Akbar" (God is greatest). Some people perched on trees to get a better view. Most of the hostages said they had been well treated by the rebels and some exchanged warm farewells with their captors.

Some had been seized on 9 January, when the rebels herded 2,000 people into a hospital in the Dagestan town of Kizlyar to press their demands for Russian troops to be withdrawn from Chechnya after more than 13 months of conflict there. Others were captured in the village of Pervomayskoye near the Chechnya-Dagestan border, where the convoy of rebels and hostages was blocked and surrounded by Russian troops.

The Chechens are still holding some police commandos who were seized outside Pervomayskoye. They want to exchange them for rebels captured by the Russian forces. The village was almost totally destroyed when the Russian troops stormed it. But a group of rebels broke out of the besieged village, through Russian lines, and took some of their hostages with them. "They were good to us. We

had no problems. It was like brother to brother. A new life began for us after we sat for three days under the bombing in Pervomayskoye," said Ruslan Magomedov, 23, a businessman from Kizlyar. Another hostage, Anatoly Zdebsky, 25, said he was happy to be going back to his family and bore no grudges against the Chechens. "They kept us in various homes, looked after us and fed us well," he said.

The buses crossed the Chechnya-Dagestan border at about 5pm Moscow time in the direction of the Dagestani town of Khasavyurt, reported "Rass" news agency. Before the release there was a meeting in the school attended by the Dagestani delegation and Chechen rebel leaders including the commander in chief, Aslan Maskhadov. Salman Raduyev, who led the rebel raid in Dagestan, was also there. A member of the Dagestani parliament, Gadji Makhachev, told the meeting that the group to be released were not really hostages. "These lads saved their lives," he said, referring to the fact that the rebels had taken them out of Pervomayskoye during the attack by the Russian forces. "The Chechens said we could take our people home. They are our neighbours."

Mr Maskhadov told the audience that the rebels were not bandits. "We are not terrorists. We condemn terrorism and banditry," he said. ■ Moscow — Six Russian soldiers were killed and two wounded in attacks by separatist rebels on Russian positions in Chechnya in the 24 hours up to yesterday afternoon. Interfax news agency reported that "illegal armed bands" had made 19 attacks in all, 13 of them in the capital Grozny.

Burundi misery as 7,000 refugees flee 'no-go' area

DAVID ORR
Uvira, Zaire

A ragged and barefoot group gathers around Leonard Niyizigama, backs hunched against the wind that whips across the dusty hillside. Occasionally one of the group nods or murmurs in agreement as the story unfolds. It is a drama in which they have all played a part, for they have all fled their homeland in similar circumstances and have suffered similar hardships.

"I and my family were living in Cibitoke," said Mr Niyizigama, glancing over his left shoulder towards the Burundian border, which lies about 10 miles away among the green-blue hills. "Then the army came. We heard they were looking for guerrillas but then they began killing ordinary people. I ran away with my wife and children. We had to hide for many days in the forest. We crossed the River Rusizi at night because the soldiers shoot at people crossing during the day."

Mr Niyizigama and his family are among more than 7,000 Hutu peasants who have recently fled into eastern Zaire from the Burundian provinces of Cibitoke and Bubanza. In all, more than 100,000 Burundian refugees now languish in the Uvira region.

A man with his arm in a sling pointed to a scar on his arm. He said it was from a bullet wound he received when Burundian soldiers shot at him near the border. All the men and women in the group said they had lost friends or family members in attacks by the Burundian military. But Médecins sans Frontières personnel said they were seeing relatively few bullet wounds: most of the seriously wounded, they assume, are not making it across the Rusizi River.

These people scoff at the suggestion that they might go home. It is too dangerous, they say. There must be peace and justice before they can return. And the army must become properly integrated, with both Hutus and Tutsis in its ranks. For the moment, they say, they have no confidence in the gov-

ernment and, in any case, it is the largely Tutsi army that controls the country.

The north-western provinces have become a virtual no-go area. The Burundian military contends that its operations are directed at Hutu guerrillas who have recently become more organised, ambushing travellers and blowing up electricity and water installations. The evidence of the refugees turning up in Zaire, however, would seem to indicate that the army is far from discerning its choice of targets.

Aid agencies, too, have suffered repeated attacks. Before Christmas, all the aid organisations, with the exception of the United Nations High Commissioner for Refugees, pulled out of the region. "We are now moving back," said a World Food Programme spokesman, "but until we can get some assurance from the local administrators, we cannot be sure that we are safe."

It is thought unlikely that Burundi will be consumed by the same kind of genocide as witnessed in neighbouring Rwanda in 1994, if only because the two ethnic groups have been largely segregated; the Hutus in the countryside and the Tutsis in the towns. However, neither is there any evidence that the slow-burning civil war that broke out after the assassination in October 1993 of Burundi's first elected Hutu president, Melchior Ndadaye, is about to stop. Since the assassination extremists from both sides have become embroiled in a conflict which the government, a coalition of Hutu and Tutsi parties, seems powerless to stop.

■ Ngarua, Tanzania (Reuters) — A senior Tanzanian official said on Wednesday his country was allowing in 16,000 Rwandans fleeing ethnic violence in Burundi, despite playing host already to hundreds of thousands of refugees. Brigadier-General Sylvester Hemedi, district commissioner for Ngarua area, said the decision was a humanitarian one and did not mean the border with Burundi, closed last year, was officially reopened for refugees.



Scant hope: An exhausted Hutu woman, one of thousands of terrified Burundian refugees, sitting in a makeshift camp at Muramba Photograph: AFP

Palestinian exiles start long trek home

PATRICK COCKBURN
Jerusalem

In 1972 Bassam Abu Sharif, a member of a militant Palestinian party, opened a bootycopy of the *Diary of Che Guevara*, sent unexpectedly to him in the post. It exploded, tearing off three of his fingers, blinding him in one eye and destroying his hearing in one ear.

This week he was one of the first of what is expected to be a large number of members of the Palestinian resistance who will return to the West Bank and Gaza in the next few weeks.

Their return follows Israel's announcement on Saturday that all members of the Palestinian parliament-in-exile, the Palestine National Council, can return to the autonomous areas.

Israel wants the council to remove from its covenant the clause that calls for the destruction of Israel.

However, Nayef Hawatmeh, leader of the Democratic Front for the Liberation of Palestine (DFLP), said in Damascus that he was against returning under Israeli conditions. He called the Israeli offer a "studied plan to dismantle the PLO establishment".

"We are ready, leadership and members, to return home," said Mr Hawatmeh. "But that should not be under the conditions set by (Shimon) Peres, the Israeli Prime Minister. Speaking of the covenant Mr Hawatmeh added: 'We refuse to recognise an Israel which does not recognise the right of the Palestinian people to self-determination'."

Israeli officials said any return of Mr Hawatmeh, whose organisation launched repeated guerrilla raids on Israel, would speed up the disintegration of those Palestinian organisations opposed to the Oslo accords.

The return of long-exiled Palestinian leaders to the West Bank and Gaza is transforming Palestinian politics.

Mr Hawatmeh and his party were based primarily in the diaspora of Palestinian refugees in Lebanon, Syria and Jordan who lost their homes in what is now Israel in 1948. But it is the 2.2 million Palestinians who have gained autonomy in the West Bank and Gaza, not the 3 million who live in the rest of the Arab world who are benefiting from Oslo.

"The West Bank and Gaza

will be the centre of Palestinian political life in future," said a Palestinian observer who has just returned from exile. Mr Hawatmeh never had much support in the occupied territories and the DFLP split five years ago. Along with the Popular Front for the Liberation of Palestine (PFLP) of George Habash, Mr Hawatmeh's organisation did not take part in Saturday's election.

Yasser Arafat, now elected President of the new Palestinian authority, once depended on the refugee communities of the diaspora. In 1970 they fought for him in Jordan, after which he transferred to Lebanon. Thousands were killed in the Lebanese civil war and during the Israeli invasion. Many of them feel betrayed today.

Defeat in Lebanon and the start of the *intifada* in the occupied territories in 1987 began to make the West Bank and Gaza the decisive arena in Palestinian politics. In private Palestinian officials now acknowledge that Israel will not take back refugees from 1948.

Final election results show Palestinian voters liked articulate candidates likely to stand up to Mr Arafat. There were many votes for Hanan Ashrawi in Jerusalem, Saleh al-Tamari in Bethlehem and Haidar Abdel-Shafi in Gaza, who have criticised Mr Arafat. Powerful local families in Hebron, Nablus and Gaza whom Mr Arafat has cultivated all did badly. This shows voters might have supported the DFLP and PFLP had they not boycotted the election.

Moscow to join rights grouping

TONY BARBER
Europe Editor

The Council of Europe, one of the most important institutions linking Western and Eastern Europe, is expected to admit Russia today despite reservations about President Boris Yeltsin's Chechnya crackdown. Although some members of the council's parliamentary assembly are critical of Russia's human-rights record there, most take the view that there is a better chance of encouraging change if Russia becomes the council's 39th member-state.

The Strasbourg-based body was established in 1949 to promote human rights and democracy. Originally exclusively West European, it expanded after Communism fell to include East European states, for which membership serves as a seal of approval for their new democratic systems.

The council's secretary-general, Daniel Bartschys, of Sweden, said the council would not hesitate to take Russia to task if its performance failed to come up to scratch. He said the council could suspend member-states, a fate that befell Greece during the 1967-74 dictatorship and Turkey after the 1980 military coup.

The council has been eager to embrace new members from Eastern Europe but has tried not to water down standards. Thus the rump Yugoslav state, comprising Serbia and Montenegro, had its "special guest" status withdrawn in June 1992 because of its role in fomenting the wars in Croatia and Bosnia.

Last year Russia's application was frozen over the Chechnya intervention, which has killed 20,000 civilians. The council assembly lifted the freeze after it appeared truce talks were making progress but violence has recently been rising again.

On Tuesday Mr Yeltsin said rejection would be interpreted as support for "Chechen terrorists". But Sergei Kovalyov, one of Russia's most respected human-rights campaigners, said the council should attach tough conditions on Chechnya in return for admitting Russia.

INTEREST FREE CREDIT ON HOLIDAYS AND FLIGHTS

Now Pay later

WITH THE INDEPENDENT

Take off with The Independent and the Independent on Sunday's Fly Now Pay Later offer.

We've teamed up with Co-op Travelcare, one of the top travel agency chains in the UK, so that readers of The Independent can get up to £2,500 Interest Free Credit on holidays and flights booked through our special service. So now you can take off when you feel the inclination - without paying everything up front. For example, on a holiday costing £2,500, at a typical APR of 14.9% you would save £328.

With over 300 holiday brochures and 49 airlines to choose from, there are holidays to suit everyone. Whether it's snowboarding in the Alps, a romantic weekend city break, or trekking in Nepal, you'll have the freedom to take off anytime between 1 February-31 December 1996.

How to Qualify for the Easy Payment Plan
Each day in The Independent and the Independent on Sunday, until Saturday 3rd February, we will print a different numbered token. In order to qualify for the Fly Now Pay Later Easy Payment Plan, you need to collect eight differently numbered tokens and keep them safe until you are ready to make your booking. Today we are printing Token 4.

How to Book Your Holiday
You can select any overseas holiday available from over 300 major name brochures, subject to availability. This includes holidays from major tour operators such as British Airways Holidays, Cosmos, P & O Cruises, Airtours, Sunworld, First Choice and many more. Simply pick up the brochure of your choice and select your holiday.

If you're planning to visit friends or relatives, or simply prefer the freedom to travel independently, you can choose to book scheduled flights only, provided the overall book-

ing value meets our minimum limit of £500. There are 49 airlines to choose from, including British Airways, Virgin Atlantic, TWA, Qantas, Air France and United Airlines.

With the Fly Now Pay Later Easy Payment Plan all you pay is the cost of your holiday, plus insurance. There are no hidden extra charges, providing that you fulfil the terms of your Easy Payment agreement.

The amount of the booking is payable by Direct Debit in 10 equal monthly instalments from the time of booking. At least three of these payments must be made prior to travel. If, however, you wish to travel within three months of making your booking, you may do so by paying your first three instalments (i.e. 30% of the cost of your holiday) at the time of booking. You are then free to make the remaining payments over the next seven months.

It is a requirement of the offer that you purchase Co-op Travelcare insurance at the time of booking. Details of the policy are available on request.

To check that your preferred flight or holiday is available, and that it is eligible for the Easy Payment Plan, simply call The Independent/Fly Now Pay Later helpline below:

0161 827 1044

If the holiday is available, and you meet the credit rule requirements, the Co-op Travelcare's friendly reservations staff will complete a credit application form whilst you are on the phone. If the holiday or flight that you require is not available, you will be advised of alternative options.

Your rating will be checked in the normal way and a decision made instantly. The agent will then call you back to advise you of your status. In some cases, you may be required to provide further information before your status can be confirmed.



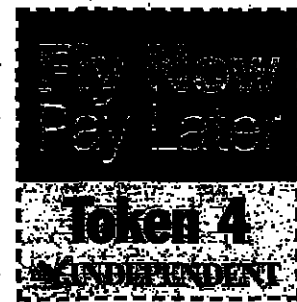
Once your application has been accepted, your agent will book your holiday for you. You will be asked to pay the holiday insurance premium by credit or debit card whilst you are on the phone.

Co-op Travelcare will send confirmation of your holiday booking, together with a credit agreement and Direct Debit mandate which you will be required to sign and return in the pre-paid envelope provided.

If you have the relevant brochure, you will find a booking form at the back which you must sign and return, together with your eight tokens in a separate envelope, to: The Independent/Fly Now Pay Later/Co-op Travelcare, Telephone Booking Centre, PO Box 53, New Century House, Manchester M60 4ES. If you do not have a brochure, you will be sent a booking form with your holiday confirmation.

If required, you can request a credit check at any time prior to booking your holiday by phoning the Independent/Co-op Travelcare number, however another check will be carried out at the time of booking to ensure that there has been no change to your status.

The Easy Payment Plan cannot be used in conjunction with any other Co-op Travelcare offer. Terms and conditions are as previously published.



Fly Now Pay Never!

£25,000 of flights and holidays to be won

Today you could win a holiday for two to the island of Baros in the Maldives, including flights and accommodation. Four hundred miles south west of India, there are over one thousand coral islands scattered across the Indian ocean, which make up the Maldives. These islands are famous for watersports and boast some of the finest diving in the world.

To enter our competition all you need to do is answer the following question and call the Fly Now Pay Never competition line on 0691 161 985.

Question: Which island is the capital of the Maldives?

Calls cost 39p per minute cheap rate, 49p per minute at all other times. Lines close at midnight tonight. Postal entry can be made by sending your answer, name, address and telephone number to: The Independent/Fly Now Pay Never Day 4, PO Box 7298, London E14 9EG by no later than 27 January 1996. The winner will be picked at random after entry closes, from all correct entrants.

Single currency: Doubts spark a 'credibility crisis'

Brussels fights to stem panic as EMU totters

SARAH HELM
Brussels
TONY BARBER
Europe Editor

Doubts about the timetable and conditions for the creation of a European single currency rose to fever pitch yesterday.

Valéry Giscard d'Estaing, the former French president, joined the ranks of senior pro-European politicians who have warned that imposing rigorous EMU conditions during an economic downturn could damage European economies and the stability of the European Union itself.

The European Commission was yesterday desperately trying to shore up confidence in the plans to merge leading EU currencies by 1999. But the Commission has been infuriated by the remarks earlier this week of its former President, Jacques Delors, who suggested that the target date set by the Maastricht Treaty in 1991 might have to be abandoned.

There was also consternation at the remarks of Carlos Westendorp, the Spanish Foreign Minister, who said there was a secret understanding between European governments that EMU could not go ahead with France, Germany and the Benelux countries alone. Unless one other large country - Britain, Spain or Italy - was prepared to join by 1999, the EU would have to "stop the clock" on the whole project, Mr Westendorp said. "We are in a situation of a credibility crisis in the entire project."

At a packed press conference in Brussels yesterday Jacques Santer, President of the European Commission, attempted to hold the line, arguing that stopping the clock would "not stop the 21st century", and saying it was "irresponsible" to sow the seeds of doubt.

However, Mr Santer suggested for the first time that the Commission might consider a review of the EMU membership rules, as proposed by Mr Giscard d'Estaing. Under the plan put forward by the former French president the economic performance demanded of countries wishing to join EMU could be relaxed if the economic cycle was heading downwards. Such a plan would run into stiff opposition from Germany.

Mr Santer's aides were yesterday reported to be "splitting blood" over Mr Delors's intervention. "The view is that he is the guy who got us into this trouble. It was he who proposed such rigid criteria. If there is any finger-pointing to be done it should be at him," said one official.

This week's crisis - sparked by poor economic figures and forecasts in Germany and France - has revealed for the first time that European leaders are beginning actively to examine mechanisms for delaying monetary union. Some experts in Brussels are discussing whether there is a mechanism for calling a delay under the existing Maastricht treaty. Commission officials are currently drawing up a legal opinion which, sources say, will affirm that there is no means of call-

ing a delay without rewriting the Maastricht treaty.

The EU is not due to name participating countries until early 1998, and the decisions will be made on the basis of 1997 economic performance. For this reason, it is unlikely that an announcement delaying or revising the timetable is imminent.

Adopting the Giscard approach - relaxing the EMU conditions rather than the timetable - would mean that countries would not be obliged to bring their budget deficits to 3 per cent of GDP or below in 1997, but could allow them to run slightly higher. Such a liberal interpretation would favour many countries that are having trouble reducing their deficits in time, notably France, although Germany also overshot the target last year.

But Germany's Finance Minister, Theo Waigel, has set out conditions so diametrically opposed to those of Mr Giscard d'Estaing that it is hard to see how they could be reconciled. He says governments using the Euro currency should ideally run deficits of no more than 1 per cent of GDP, should be fined if they break the rules, and should be expelled from the single-currency arena if they are persistent offenders.

Still, it appears that a frantic search is on for ways to prevent the collapse of the 1999 timetable. "If we fail, I fear we will start an irreversible disintegration process," said Belgium's Prime Minister, Jean-Luc Dehaene.

Leading article, page 14

German belts tighten as jobless total passes 1929

IMRE KARACS
Bonn

Battered by rising unemployment, workers, employers and the German government yesterday joined forces in an effort to halve the number of jobless by the year 2000.

After long talks at Chancellor Helmut Kohl's office, the three sides unveiled a pact to create jobs, cut the welfare state, reduce taxes and implicitly help Germany meet conditions for the creation of a single European currency in 1999.

"We have an accord which lays out principles upon which we can work to form a consensus and create better conditions for increasing employment," said Günter Rexrodt, the Economics Minister.

Although the package will not be released until next week, officials indicated their attention will focus on reducing the employers' burden. Social security contributions are to be cut over six years, mirrored by a reduction in the welfare budget.

There will be help for medium-sized enterprises and growth will be stimulated by infrastructure projects funded by local authorities. Employers agreed to increase apprenticeships by 5 per cent, curtail overtime and create more part-time jobs.

The unions are paying a heavy price. By agreeing to



Kohl: Benefits must be cut

short-term contracts for new employees, they are giving up job security. They are also sacrificing workers' traditional right to expect wage rises above the annual inflation rate, which employers say has made them the most expensive in the developed world. Much of industry's trouble is ascribed to a two-year pay rise at twice the inflation rate, awarded to the biggest union, IG Metall, after strikes last year.

But IG Metall's leader, Klaus Zwickel, has since accepted the link between wage levels and unemployment, and has proposed a pay freeze in exchange for a pledge by the engineering industry to create 330,000 jobs.

His proposal for an "Alliance for Jobs" between labour and capital was the catalyst for yesterday's breakthrough, described by one minister as "unparalleled in Europe".

The workers also implicitly accepted cuts in the welfare state. Unemployment benefits are to be reduced by 3 per cent each year. Although the unions staved off attempts to abolish the generous early-retirement schemes, the government has won the battle to raise the normal pensionable age.

The pact comes amid apocalyptic predictions of a crash on a Weimar scale. Unemployment, expected to reach 4 million within the next month, has passed the 1929 level. Forecasts for growth hover barely above 1 per cent. Almost every day there are more lay-offs. Daimler-Benz, the flagship of German industry, reported earlier this week losses of 6bn marks (£2.6bn) for 1995. About 8,000 workers at a Dutch subsidiary and 1,200 in Germany are about to land in the dole queue.

Now industry has got an agreement that it hopes will reverse its fortunes. But it seems inevitable that the government's budget will be stretched for some time to come, and will exceed the target set by the Maastricht treaty for European monetary union.

City Comment, page 17

French union threatens more action against welfare reform

MARY DEJEVSKY
Paris

There were fears yesterday of renewed labour unrest in France as the CGT trade union - one of those at the forefront of the strikes last November and December - called for a national "week of action" starting at 5 February. The union said it wanted to force the complete withdrawal of the government's plans for welfare reform.

The franc immediately fell at the news; the success of the retrenchment plans is essential to French hopes of joining the European Monetary Union by the 1999 timetable.

The CGT's call came on a day when the government put into place the first main elements of its controversial reform, approving two sets of measures designed to restore the welfare system to financial soundness. A third element, the constitutional amendments required to give parliament ultimate responsibility for welfare spending, should be approved today.

Both the union's call to arms and the details of the measures

seemed to give the lie to the view, canvassed in the French media, that the intended overhaul of the welfare system had been emptied of all its worth by the compromises forced on the Prime Minister, Alain Juppé.

As the price for securing an end to the strikes, Mr Juppé conceded almost all aspects of the reform that lay outside the immediate control and welfare spending. He abandoned the review of public sector conditions and pensions, postponed a reform of income tax, shelved the restructuring plan for the national railways and approved more money for universities.

In subsequent compromises, the doctors forced the withdrawal of a tax of 1 franc on all prescriptions they issued; opposition from inside the majority Gaullist coalition then forced a month's postponement in the introduction of a new tax to pay back the accumulated debt of the welfare system and the abandonment of plans to tax family allowances.

What remains, however, is not inconsiderable. The constitu-

tional amendments provide for parliament to have the last word on welfare spending, rather than a joint committee made up mainly of trade union and employers' representatives. At present, the government sets spending guidelines for the committee, but no more. In future, whatever ceiling is set should be enforceable by parliament.

Parliament has insisted on oversight of the welfare system's revenue, as well as its spending. The receipts, which amount to 118bn francs (£16bn) - more than the state budget - are the province of the joint welfare commission.

There are to be financial sanctions on doctors who spend beyond the budget limits set by the government. The freeze on family allowances for 1996 was also confirmed.

But it is the special tax to repay the welfare debt - known as the RDS (remboursement de la dette sociale) - that will come as the greatest shock and could fuel the unions' call for action. The RDS comes into force next month: a 0.5 per cent levy on all income.



Power to the people: Repairing a makeshift generator on the Drina river yesterday, as life returns to the Bosnian enclave of Goradze Photograph: AP

EU officials approve ban on veal crates

KATHARINE BUTLER
Brussels

Detailed proposals for a ban on veal crates were cleared by the European Commission yesterday but face tough French-led opposition when they go before agriculture ministers for approval next month.

Brussels officials fear that with Italy, one of the big veal-pro-

ducing nations, holding the EU presidency until July, agreement could be stalled until the autumn.

Animal rights groups have already complained that the proposals do not go far enough fast enough, but yesterday's agreement nevertheless represents a breakthrough for campaigners. British protesters have waged the most relentless campaign, disrupting the live export trade

to highlight the treatment of calves shipped to France, Belgium and the Netherlands.

The EU Agriculture Commissioner, Franz Fischler, who drafted the plan, has had to bow to producer lobbying with a 10-year transition period, but is emerging as more sympathetic to animal welfare concerns than any of his predecessors.

The Commission yesterday

confirmed the approach outlined last month, which calls for a ban on new crates from January 1998. Farmers who are already using crates will have until 2008 to switch to loose housing.

The Commission warned it will soon issue new rules forcing producers to vary calves' diet; milk feed used to guarantee white meat will have to be supplemented with iron.

Yesterday Mr Fischler explained the 10-year delay as striking a balance between campaigners' demands and stability in the markets. However, the fate of the proposals depends on the extent to which France, the biggest veal producer, can muster support in the Council of Ministers. Italy may seek a compromise if producers can be promised compensation.

HURRY! LAST 7 DAYS-SOME OFFERS END 31st JAN

UP TO 50% OFF & NOW 1/2 PRICE FRIDGE AND FREEZER

EXTRA LATE NIGHTS: TUES & WED 10-8

45 STYLES - EVERY CABINET REDUCED

Schreiber ROCHSTER The deep stained door and drawer fronts with a rich lacquer finish add depth and contrast to the natural wood grain.

7 RIGID CABINETS SALE PRICE £754.93 WAS £854.93

COMPRISES: 1000mm Drawer Line Base Unit x 1, 1000mm Mid-Line Base Unit x 2, 1000mm Full Height Wall Unit x 2, 600mm Built Under Oven Hanging Unit, 600mm Hole Wall Unit

EXTRA VALUE OFFERS

*HALF PRICE REFRIGERATION

LARGER FRIDGE (min 1500mm) FOR ONLY £79.99 WAS £149.99 SALE PRICE £139.99

FREEZER (min 1000mm) FOR ONLY £99.99 WAS £199.99 SALE PRICE £109.99

OR

£50 OFF ANY OTHER REFRIGERATION PRODUCT IN OUR RANGE

When you spend £200 or more on any MFI or Schreiber kitchen Offer limited to two refrigeration items per customer/household.

LOW COST FIT ON ALL KITCHENS

We will be happy to visit your home at a time that's mutually convenient to complete a full Pre-Fit survey of your kitchen when you use our installation service.

MFI

More Furniture Ideas

KITCHEN CABINETS GUARANTEED 20% LESS THAN ANY OTHER NATIONAL RETAILER See in-store for full details

AEG APPLIANCE PACKAGE SALE PRICE £499.97 WAS £579.97

COMPRISES: Electric Single Oven in Mocha or White (AEG3111/21), Gas Hob in Mocha or White (AEG111/21) or Electric Hob in Mocha or White (AEG211/21), 60cm Cooker Hood in Mocha or White (AEG211/21).

SHOPPING HOURS: Mon 10-8, Tues 10-8, Wed 10-8, Thurs 10-6, Fri 10-8, Sat 9-6, Sun 11-5, except Southampton 10-4. Northern Ireland: Mon 10-8, Tues 10-8, Wed 10-7, Thurs 10-7, Fri 10-7, Sat 9-6, Sun 12-5.

Also available at MFI home works

PRICE INFORMATION: Room prices are for rigid factory built cabinets as listed above and do not include appliances, accessories, tiles, ornaments, chairs etc. All items subject to availability.

PHONE FREE PAGES 0500 192 192 FOR YOUR NEAREST STORE.

THE INDEPENDENT

FOUNDED 1986

ONE CANADA SQUARE CANARY WHARF LONDON E14 6DL
TELEPHONE 0171-293 2000/0171-345 2000 FAX 0171-293 2435/0171-345 2435

EDITOR: Charles Wilson

ASSISTANT EDITOR: Charles Leadbeater MANAGING EDITOR: Colin Hughes
SECTION TWO EDITOR: Simon Kelner SATURDAY EDITOR: David Robson
EXECUTIVE NEWS EDITOR: Michael Williams NIGHT EDITOR: Richard HollidgeNEWSPAPER PUBLISHING PLC. BOARD OF DIRECTORS:
Liam Neill (Chairman) Lord Borrie Ben Bradlee Juan Luis Cebrian Brendan Hopkins
David Montgomery Javier Díez de Palencia Cornel Riklin Andrew Whitlam Smith
ADVERTISING DIRECTOR: Jeremy Reed

Better late than never for EMU

Plans for a single European currency are in serious trouble. Its supporters should ease up or risk the project blowing up in their face.

Even the great Europhiles of the Continent are starting to worry. On Tuesday, Jacques Delors, the former president of the European Commission, admitted he doubted the timetable for European Monetary Union could be met. Yesterday, the former French President Valéry Giscard d'Estaing called for a relaxation of the economic criteria that countries have to meet before the currency can be created. Spain's Foreign Minister, Carlos Westendorp (known at home as "Mister Europe"), called for the deadline of 1999 to be put back, saying that the project was sinking into a "credibility crisis".

In response, Jacques Santer, the European Commission President, yesterday speaking at the end of an ill-timed show designed to market the "Euro", rejected a delay.

The trouble for Mr Santer is that the growing doubts about the EMU timetable are unlikely to fade. That is because the Maastricht treaty on monetary union did not anticipate the sharp slowdown in the European economy in the past six months. Only countries that meet strict economic criteria can join the common currency. Most countries already have lower inflation than Maastricht demands. But on another key condition even Germany is not doing too well, with a budget deficit above the 3 per cent of national income that the treaty allows. In France, the prognosis is much gloomier. Slow growth means tax revenues are lower than expected, while public spending remains high to cope with unemployment. German and French efforts to reduce their budget deficits by cutting spending or raising taxes risk slowing their economies even further, making the problem worse.

The political costs of forcing France into the Maastricht strait-jacket are even more

severe, witness the strikes that crippled much of the country last year and exposed the frailty of the French ruling elite.

All of this will be music to the ears of British Euro-sceptics. But they would be foolish to start celebrating the demise of the Euro prematurely. With an effort, Germany will probably be able to meet the Maastricht criteria by 1999. The fact that countries should not unite their currencies yet under the current Maastricht criteria doesn't mean they shouldn't unite at all. The German mark will still dominate European currency markets regardless of whether there is EMU. In many respects we have already lost a lot of discretion over monetary policy to the Bundesbank. At least a European central bank would set interest rates, taking account of the needs of all EU states, rather than giving Germany priority. The case for a single currency remains strong. But the case for delaying its introduction, perhaps till 2001, has got stronger.

There is an alternative. Delay might be interpreted by the public and the markets as a loss of purpose and direction. Another way out would be to stick with 1999 but relax the Maastricht criteria. Instead of the 3 per cent ceiling on the budget deficit, a broader definition could allow countries with sound economies to borrow more in times of recession. Mr Santer has said he might consider this. The Germans wouldn't be happy, of course, strict economic criteria are essential to persuade the Bundesbank and the German public to give up their precious mark.

But something, somewhere is going to have to give. Monetary union without the French is inconceivable. Yet for France and others to join under the current criteria risks associating EMU with deflation and recession. Political and economic pain could make the Euro untenable, irreversibly damaging the whole European project. Europe needs to heed its elder statesmen and ease up on EMU.

Sad tale of a modern-day Juliet

Sarah Cook makes an unlikely romantic heroine. The dumpy girl from Braintree, in Essex, fell in love with her Turkish Romeo after sharing a bottle of pop on a beach. At first sight, she seems to share very little with the most famous tragic heroine our culture has produced: Shakespeare's Juliet. Apart from one thing, that is: 13-year-old Sarah Cook got married at the age that Juliet gave her life to Romeo.

Shakespeare would not have shared our bemusement with Sarah Cook's marriage to Musa Komeagac, a waiter. Britain has been outraged, a sure sign that it is also confused. What were her parents doing, smiling at the wedding? Why did they let her do it? The girl must be very sad, disturbed or misguided, we are told, she needs saving from herself. A society hyper-alert to the dangers of child abuse is put on guard to protect Sarah Cook from the exploitation that threatens her.

We are in serious danger of over-reacting. Attitudes towards the acceptable age at which we should marry are largely determined by culture. As people marry later, partly because of longer life expectancy and extended years of fertility, it becomes more incomprehensible that anyone could wish to tie the knot in their teens, let alone before the age of 16. We turn a blind eye to young people having sex at an early age, but we find the idea of them marrying young unacceptable because we do not think they are emotionally ready for such a commitment.

Yet some children today mature, both physically and emotionally, much earlier than their counterparts a couple of generations ago. And many young people are more strident in making their wishes known and more confident in acting upon them. These developments are unpalatable for those who wish to preserve children in the image of their own youth.

It is true that Juliet's father revealed hopes that strike a modern chord. He wished to "let two more summers wither in their pride, ere we may think her ripe to be a bride". But his daughter's youth was not the major obstacle to her alliance with Romeo. Likewise, it seems Sarah Cook's marriage in Turkey, although illegal there just as it would be here, is far less frowned upon than it would be if it had taken place in Essex. Young marriages are traditional in rural areas of Turkey, although the earliest allowed is at 14 years and then only with special permission.

All this suggests Sarah Cook's case should be treated with more sensitivity. She needs protection in case everything goes dreadfully wrong and she has to flee home. But it would be a mistake for her husband to be tried for rape given that all parties, including the two families, consented to the marriage. Equally, talk of placing Sarah in a children's home is heavy-handed and legalistic. Whatever the imperfections of her life in Turkey, civil care is no solution. Indeed, it may be the worst possible place for her.

It's opera, boyo - rugby with music

The other day I suggested it did not really matter whether the Welsh built a new opera house or a rugby stadium, as there was not much difference between rugby and opera, especially the way the Welsh play both. I am saddened to say that people have written in from as far as Wales to protest, and I have even been pilloried in the *Welsh Local Government Corruption News*.

Well, gentlemen, I aim to prove you wrong by bringing you an extract from an opera I am working on. It is the first-ever opera written about rugby, and it is called *Tristan and Gareth*. It tells the tragic story of two friends, Tristan and Gareth, who grow up together in the Welsh valleys, attend the same school and aim to play side by side in the Welsh National XV, until cruel Fate intervenes to separate them...

But you will get a better idea from a dip into the libretto. The first act shows the two boys coming to Cardiff as players in the Welsh Schools XV, which beats the English Schoolboys 15-9 (five penalties to three, no tries). In the second scene, Tristan and Gareth celebrate the victory by going out for the evening in Cardiff. Here they are, outside the Scrum Hall's Arms in Pontnewydd Street.



MILES KINGSTON

Tristan: Well, Gareth, that was a famous victory and no mistake! Gareth: Was it? But it only happened this afternoon. How can it be famous already?

Tristan: No, what I meant was... well, never mind.

Gareth: You were always the clever one with words, Tristan. That's why you won the Dylan Thomas School prize for a rugby essay, on life as a forward.

Tristan: Ah, yes. "Hark! It is dark in the scrum, here in the dumb, boot-lined scrum, where feet rummage in the scrumming for the fall of the ball."

Gareth: Yes, yes, thanks very much. I've heard it all before, but there's more to life than culture.

Tristan: Is there? Like what? Gareth: Like drinking after the match. (He sings.)

When the final whistle blows, When it's time to end the game, When you shake hands with your foes, Then you always do the same - In the shower and out again, Neatly dressed and in the bar, Downing pints of bitter Brain* To show them what a man you are. A game of rugby, win or lose, Will leave you swaying but upright; Eighty minutes on the booze Will leave you flat out, tight. Rugby players may come and go, You may even change your club, But there's one thing we all know After the game, it's down the pub!

*Brain's is an excellent Welsh beer, not much seen in England. - Librettist's note.

Tristan: You're disgusting, you are. I didn't come into rugby to drink beer and sing songs.

Gareth: Then what did you come into rugby for, boyo? To beat England? To get the Grand Slam? Wake up, Tristan! Rugby is the quick route to oblivion!

Tristan: How do you mean?

Gareth: There are two paths to oblivion in rugby - one is to fall to catch the selectors' eye and the

other is to drink yourself silly. I know which I'd choose. (He sings.) Oh, once we had A great Welsh side, And Max Boyce joked About them with pride. Yes, poor Max Boyce Went on and on About Phil Bennett And Barry John But now that both are a memory And Wales can barely Beat Italy, Max Boyce is left without an act. And that's how Welsh Comedians get sacked! (Exit singing. Tristan is about to follow him when he is accosted by a young girl.)

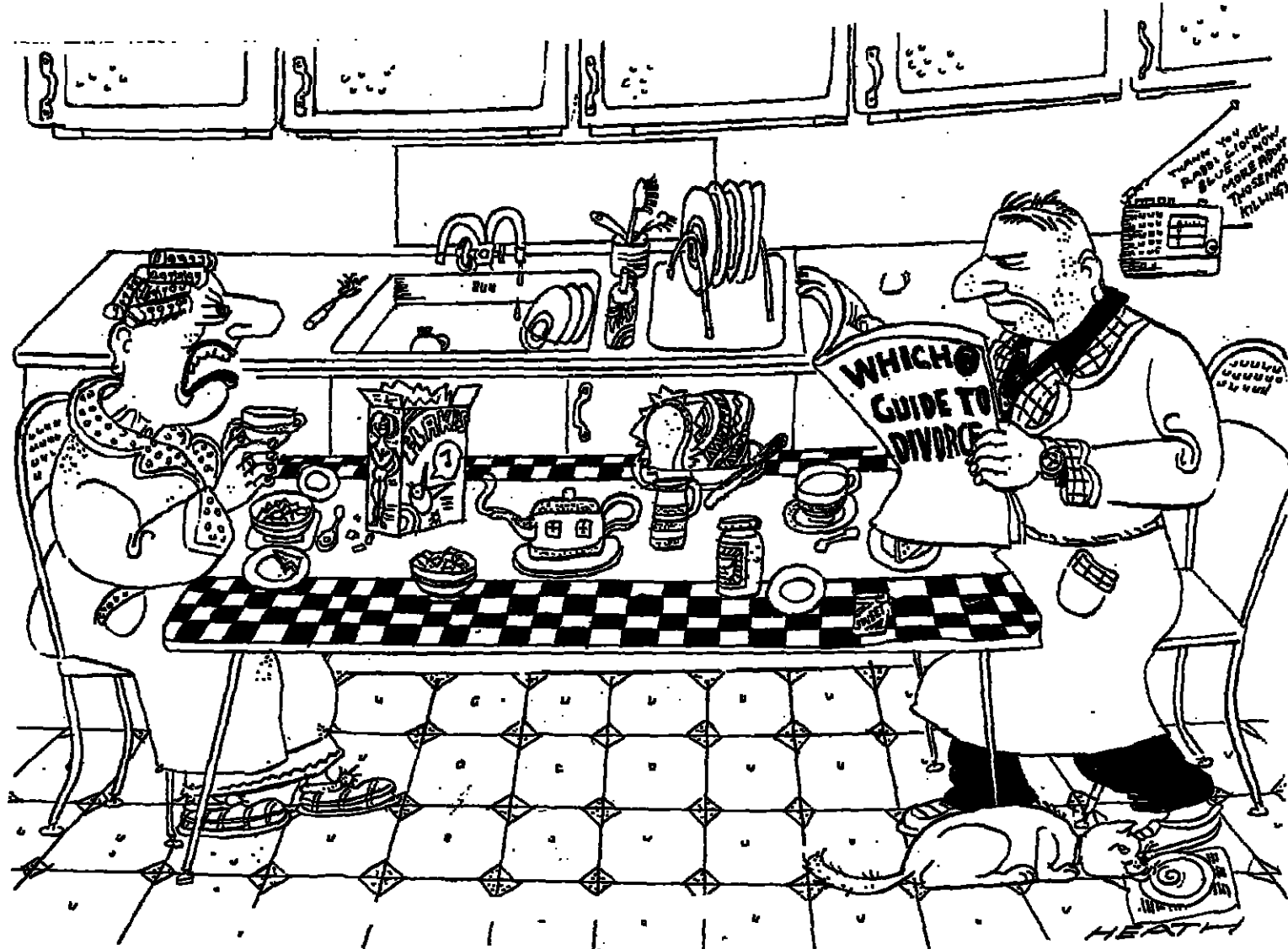
Girl: Tristan! You looking for a good time?

Tristan: Well, I don't know... How do you mean?

Girl: A trip up north! Three-year contract! Rugby League! Car, house and all the black puddings you can eat!

Tristan: Gosh! It certainly sounds tempting...

Will he fall for it and lose his virtue? Find out in tomorrow's thrilling episode.



Must you always read at the breakfast table?

LETTERS TO THE EDITOR

Labour politicians' comprehensive history of selection

From Mr Ronnie Landau

Sir: Does no one remember that the former leader of the Labour Party (shortly afterwards to be Prime Minister) Harold Wilson, trailblazing pioneer of comprehensive education and head of a party still wedded uncompromisingly to ideological "old" socialism, openly sent his two sons to one of north-west London's leading independent day schools (yes, fee-paying - he even shunned the local grammar schools)?

I do not remember Wilson, or other socialists who did likewise, being roundly condemned by his party, by the media or by holier-than-thou Tory opportunists. On the contrary, it was recognised then - as I believe it should be now - that, while unity of theory and practice may be generally desirable, not every personal decision taken (even by a politician) is necessarily a political one. There are some actions one takes as a parent that can be described as being of a purely "parental" nature.

What has changed in the intervening three decades is the cancerous growth of an increasingly amoral, obsessive and vindictive press - tabloid and broadsheet - which, in its hunger for "celebrity" blood, resembles nothing so closely as it does a lynch mob.

Yours faithfully,
R. S. LANDAU
London, N12
23 January

From Mr T. H. Hockton

Sir: Voters may not indeed share the faith of unconstructed "old Labour" or "old Lib Dem" activists (leading article, 22 January). Not all of these have been responsible for their own children. Some are lucky where they live. Others are like the sectarians whose faith bans radical treatment for their children.

In 16 years, Tory governments have done little to reduce the gap between private and general education. It is naive to argue that, if all educated and articulate people send their own children to the nearest local school, it can improve quickly enough to benefit them.

After 35 years of secondary school teaching, I retired as head of a comprehensive school, then taking 360 boys and girls each year. As a young man, I fought two parliamentary elections as a Labour Party candidate. We argued for comprehensive schools, hoping to improve everyone's chances. We were short of practical experience and appreciation of the human and material resources needed.

It was disappointing but we should not despair. With our support, realists such as Tony Blair and Paddy Ashdown can make progress - providing they are not too hampered by the complexities of their old-fashioned evangelicals.

Yours faithfully,
TOM HOCKTON
Hove, East Sussex

From Mr John Charnan

Sir: Perhaps Labour MPs and other activists could take time off from criticising Harriet Harman and explain to me why, if selection is wrong for schools, it is all right for universities?

I suspect the answer is that the Labour party accepts that a selection policy for universities is a sensible one, both for the people that are selected and for the country, because to do otherwise would result in a dilution of academic quality and a general lowering of standards. In not applying the same criteria to schools, could it be that the Labour Party policy for schools is driven by "Old Labour" dogma rather than what is best for the country?

Like it or not, selection and choice are involved all through life and, in trying to pretend otherwise by abolishing selection for secondary education, the Labour Party does the brightest 5 per cent of our children, and the country as a whole, a grave disservice.

Yours sincerely,
JOHN CHARNAN
London, SW1
23 January

From Mr Peter Bradbury

Sir: I do wish Labour MPs, indeed all MPs, could come to accept that education is more than O and A levels and the complex of academic excellence that underpins them, vital as that is for the life of any school.

Perhaps of equal importance in

our socially divided society is the effect that a comprehensive education can have on children from the professional and middle classes, the acquired ability to mix easily with children from all classes and, incidentally, of both sexes, to understand different values and motivations.

A third aspect is the contribution which such parents can make to the life of the comprehensive school by taking part in the official and unofficial channels which exist to improve standards and maintain the morale of hard-pressed teachers and governors.

Perhaps it is too early to speak of a *trahison des clercs*, but my mind is certainly running in that direction.

Sincerely,
PETER BRADBURY
East Bergholt, Essex
22 January

The writer was a divisional education officer in the Inner London Education Authority, 1970-81

From Mr David Robinson

Sir: Harriet Harman had the choice of a variety of schools for her son. I must take issue with the perception that the school with 1 per cent of pupils obtaining five good GCSEs is a failing school and that the grammar school with a 99 per cent pass rate is a successful one. Until we are able sensibly to measure value added, the reality will not be evident.

Yours sincerely,
DAVID ROBINSON
Totnes, Devon

Stakeholder precedents

From Dr Michael de Podesta

Sir: I have been surprised that, in the debate on the concrete meaning of the term "stakeholder", little attention has been drawn to the relevance of developments in the ownership of building societies. The mutual structure of building societies made stakeholders of both staff and customers, investors and borrowers. At the instant at which the societies are privatised, this stakeholding is preserved since the institution is still owned by its staff and customers. However, as share ownership by customers becomes diluted over the years, it becomes in the interests of ex-members wearing a shareholding hat to seek higher returns on their "investment".

Building societies are (or were) examples of how stakeholding could exist in a real complex world. However, the destruction of mutuality by get-rich-quick merchants at the head of the societies shows how delicate mutual structures are, and how they must be protected by law. Share ownership - unless restricted to customers and staff - is not stakeholding: it's just plain old capitalism.

Sincerely,
MICHAEL DE PODESTA
Birkbeck College
University of London
London, WC1
22 January

From Mr Larry McLean

Sir: The "stakeholder society" is what we Liberal Democrats have been advocating for at least 60 years. Remember the *Yellow Book* of the 1930s, calling for all employees (and I stress all) to have a stake in the business they work for?

Papal encyclicals support this policy, especially *Pacem in Terris*, *Quadragesimo Anno* and *Gaudium et Spes*. The new catechism of the Catholic Church supports the concept of profit-sharing and co-operation between owners and workers.

I write as an investor in industrial equity shares, but I would willingly forgo some of my dividends if it would bring peace and stability in our industries.

Yours sincerely,
LARRY MCLEAN
Wolverhampton
19 January

Biblical hypocrisy

From Dr James Carleton Paget

Sir: In her present plight, it may comfort Harriet Harman to know that no less a man than St Paul accused St Peter of hypocrisy (Galatians 2.13 and 14). The latter survived the aspersions of the former and became, according to Christian tradition at least, the first Christian Pope.

Yours sincerely,
JAMES CARLETON PAGET
Peterhouse
Cambridge

Oedipal rage

From Mr George MacDonald Ross

Sir: The earliest recorded example of road rage ("Half all drivers are targets of road rage", 24 January) was surely when Oedipus killed his father in an argument over who had priority to drive his chariot over a narrow bridge. Perhaps ancient Greek priorities were as confusing as ours?

Yours faithfully,
GEORGE MACDONALD ROSS
Leeds
24 January

Below the salt

From Mr David Glover

Sir: Once again we read of yet another totally wrong-headed Tory policy. I refer, of course, to John Major's views on putting the salt on chips after the vinegar ("Is the party over for Maggie's kids?", 17 January). The application of condiments in this way would cause the salt to stick in the vinegar on the top layer of chips only.

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2854; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

afety

Moscow
to join
rights
grouping

New focus, same crisis

Irish peace looks as elusive as ever, despite yesterday's Mitchell report, argues David McKittrick

Ancient Greek dramas would sometimes culminate in the appearance of a *deus ex machina*, a god lowered on to the stage by means of a crane, who would use supernatural powers to sort out the muddles created by mortals.

On one reading, that was the role played in Belfast yesterday by the former US senator George Mitchell, when he delivered his international body's report on arms decommissioning. For some hours, it seemed the logjam might be easing, until John Major's announcement of plans for a local election sent tensions rising again.

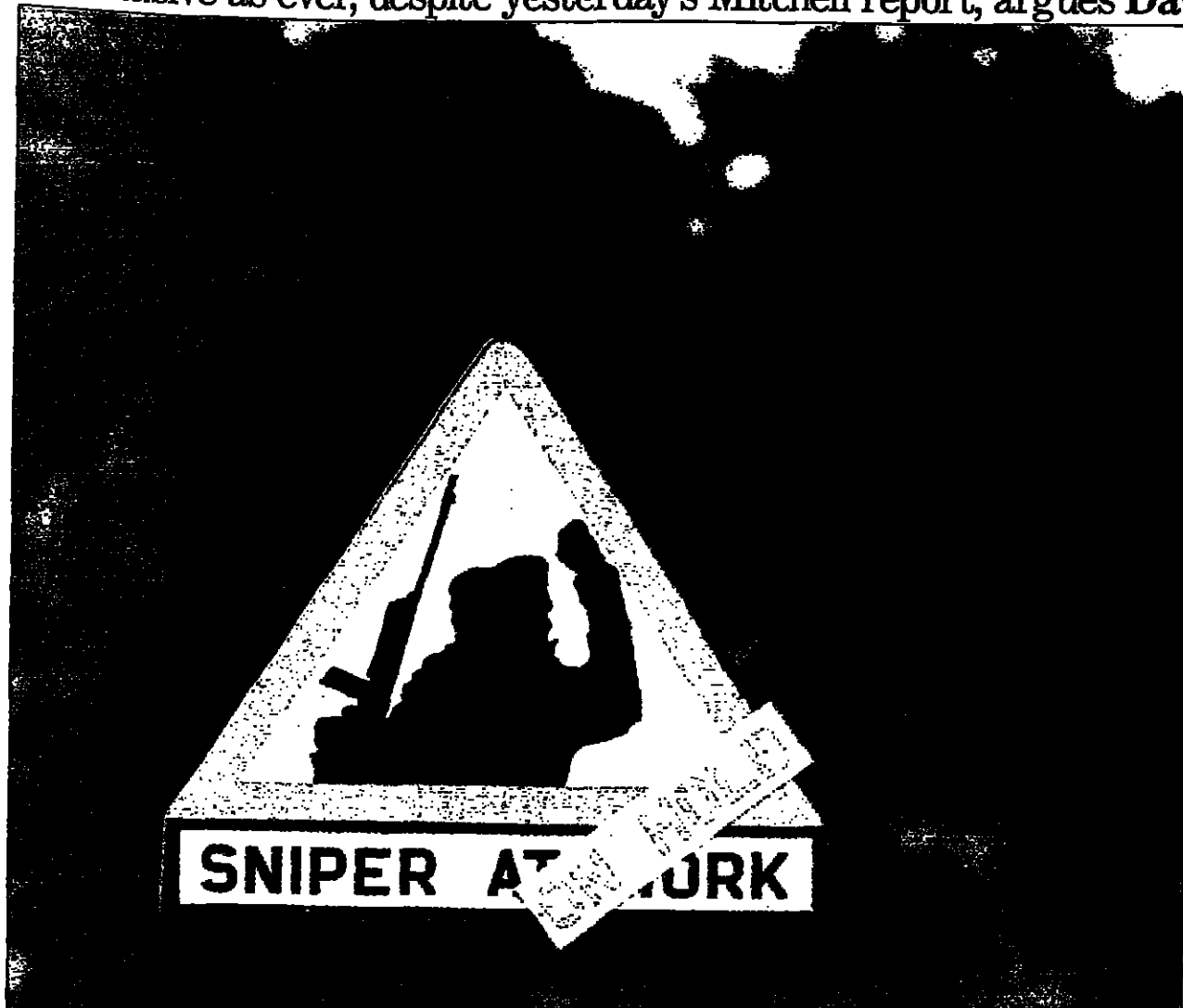
Mr Mitchell is no magic-maker. As he said at the outset of his report, the factors on which a peace process must be based were already known. He did not discover or invent some new element to transform the situation; he simply brought to the problem a measure of American can-do pragmatism.

In that sense, his role was less one of divine intervention than empirical observation, followed by practical suggestions and comment.

He eased the British government off the hook of its long-standing insistence that republicans deliver up arms before being allowed to the table. He did so simply by pointing out that there was no chance of the IRA or the loyalists decommissioning weapons in advance of talks.

The dogs in the streets of Belfast and Dublin already knew that, but the fact of Mr Mitchell saying it has somehow made it more acceptable – or at least tolerable. The same dogs already appreciated the other facts laid out in the Mitchell report, yet somehow he and his two colleagues have clarified many points, made them easier to digest and separated off what is politically possible from what is not.

None of this is accidental, for it is apparent, both from the report itself and from his performance at his news conference, that Mr Mitchell is a class act. With grace and humour, he showed himself to be the most skilful political performer seen in Belfast since – well, since last month, when his friend Bill Clinton was in town.



The Mitchell principles don't mention a 'permanent' ceasefire, but would mean a complete farewell to arms

The British and Irish governments, when they agreed to set up the international body back in November, gave it what seemed a fairly narrow remit, asking for a report on decommissioning. What they got was a report that represents an overview of almost the entire spectrum of the immediate issues.

The international body clearly took as its starting point the essentially technical issue of decommissioning but the much broader approach of working out how to advance the peace process. It first concluded that no guns were going to be forthcoming in the immediate future, and then moved

on to draft a list of democratic principles to which all parties should be required to subscribe.

The IRA, it will be remembered, declared a "complete cessation of military operations" in August 1994 but has always declined to use the word "permanent" in relation to its ceasefire. That word does not appear in the six Mitchell principles, but together these would represent a complete farewell to arms. The deal is that if the IRA insists on not handing over weapons it must instead make a solemn promise to the world that the shadow of the gunman has gone.

Though brief, the report contains mentions of (though not

recommendations on) matters such as the prisoners' issue, the use of plastic bullets, the idea of a review of more than 100,000 legally held weapons, and the predominantly Protestant make-up of the RUC. It also mentions "an elective process" – much to the relief of Mr Major, who had been banking on that.

The British government had already done much work on the idea, and Mr Major yesterday spoke of urgently putting legislation through Parliament. The attractions of an election for the Government are obvious, mainly because it will go a fair way to meeting the requirements of the Ulster Unionists.

The Government's enthusiasm arises mainly from the fact that the Ulster Unionist leader, David Trimble, had expressed his opinion that an election would give Sinn Féin a mandate that would allow him to talk to them, even without the decommissioning of weapons.

This opened up the possibility of inter-party talks without an arms hand-over, a route the Government has gratefully taken. Mr Trimble had envisaged an election to a new assembly, but in the Commons yesterday Mr Major seemed to envisage an election of negotiators rather than a plan to set up a devolved institution along parliamentary lines.

This distinction is crucial. Previous assemblies, the longest-lived of which was the Stormont parliament from 1921 until 1972, are still seared into Irish nationalist folk-memory as bastions of Unionist privilege and anti-Catholic discrimination. It is no exaggeration to say that a return to anything reminiscent of this would cause large numbers of republican supporters to contemplate going back to war.

Sinn Féin had a good morning yesterday with the launch of the Mitchell document, but a bad afternoon when John Major lifted the election idea from the obscurity of the report's penultimate page.

But it has now been elevated to the centrepiece of the peace process, where it is destined to remain for some time yet. Even with the promise of Labour support, it will clearly take months for the election idea to be discussed and make its way on to the statute book, and for voters to go to the polls.

This means the abandonment of the present target date for all-party talks to open at the end of next month. Mr Trimble's evident pleasure at the Government's action has also inflamed the suspicion – never far from the surface of the nationalist psyche – that Mr Major's new course was at least partly motivated by the hope of securing Unionist support in the Commons lobbies.

Whatever the truth of this, Sinn Féin find that, 16 months on from the IRA ceasefire, the doors of the conference chamber remain closed to them. The ominous importance of this is that they have elevated the question of all-party talks almost to a point of principle, reassuring their hard men that they would soon get to the table.

Thus a day that began with what looked like a breakthrough ended in something close to crisis, with no easing of the long build-up of frustration within the republican movement. The Mitchell report mentioned the lack of trust in Northern Ireland, the day ended with less trust than ever, and a sense that resolving the election controversy might need the appearance of yet another *deus ex machina*.

Let us delay full talks no longer

The clearest single message from the report by the international body on decommissioning is that we must banish fear and rebuild trust and confidence. At each stage of the peace process trust has been more important than any particular issue: apparently insoluble problems with words like "permanent" and "decommissioning" have been solved. The cease-fires themselves – which most people thought unachievable – were achieved because trust had been built.

Sinn Féin and his colleagues have touched the very heart of the problem when they say that the decommissioning issue is merely a symptom of the absence of trust. My hope is that both governments and all parties will see in the report a clear opportunity to make up the ground that has been lost and to move towards inclusive all-party talks.

I have always held that decommissioning before talks was unacceptable. Perhaps more pertinently, I have always felt it was unobtainable. And it was never agreed or accepted that it would be a precondition for the starting of talks.

That said, the suggestion in the report that some forms of decommissioning could take place by agreement as part of the talks process would be a valuable confidence-building measure, which could prove the bona fides of all parties concerned and speed the process of rebuilding trust.

Only with a resumption of dialogue will that happen. My view on the need for inclusive dialogue has always been direct and uncluttered: while dialogue is taking place there can be no excuse in any quarter for a return to violence or killing; the report endorses this view in the clearest terms.

Looking on in recent months, my single greatest fear has been that the delay, the inactivity and the vacuum created would put an unnecessary strain on an already strained process. We have seen peace being jeopardised; we have seen pragmatism being replaced by dogmatism and the result has been disquieting.

The spectre of violence has begun to creep back in. And such a discouraging trend can only go in one direction if it is not stopped. A return to the



ALBERT REYNOLDS

table and a resumption of real dialogue is the only way to prevent the ugly possibility of a return to violence and to work out a just and lasting settlement in a totally democratic and exclusively peaceful manner. The commission's report points out everything in that direction and no other.

If any side sees in the recommendations further cause for stalling, sees them as another obstacle, then a serious question must hang over their commitment to finding a solution.

One thing I know in my heart is that people throughout Ireland and Britain want a continuation of the normal life they are now enjoying – normal life which was absent for 25 years. I know that people never want to see a return to killing, maiming and sorrow. And nobody will thank or respect either government – or any party – if they allow surmountable difficulties to threaten peace. Nobody could expect all their views to prevail in this report, and that hasn't happened. All sides must expect to compromise and to leave behind past historical positions in order to create the environment for all-party talks. I believe there is sufficient here for both governments and all sides to go along with. And I would deplore any attempt to substitute one precondition with another, which appears to be the present position of the British government. Of course, an elected assembly can be on the agenda for debate at all-party talks.

The steps to peace were enshrined in the Downing Street declaration when we spoke about achieving peace, stability and reconciliation through a process of dialogue and co-operation. We need a return to the trust which brought about that focus and clarity. It is time to start the inclusive dialogue with everything on the table and everybody at the table.

The writer was prime minister of Ireland, 1992-1994.

The furore over Harriet Harman's choice of school for her son has exposed the lack of realism prevalent in Labour's education policy

The legacy of the war of Little Joe

The five worst days in Tony Blair's leadership of the Labour Party ended yesterday with what was, by all accounts, a sparkling speech to his seething parliamentary party. As they spilled out into the Commons corridor, their faces were not happy and their private views about Harriet Harman were unchanged; but almost every lip was buttoned. The War of Little Joe seemed over.

Even if that is so, however, it has ended with a bloody pyrrhic victory for the leadership. The damage has been serious and will reverberate throughout the year. Labour's poll rating will surely slip at an important moment. When the general election comes, my guess is that Labour candidates will lose seats they might otherwise have won because of this.

The gap between old and new Labour has widened. Despite Blair's huge personal authority, he cannot afford many more episodes like this. When he demands self-sacrifice in the cause of victory, there will be resentful mutterings about his own front bench. Joe Harman's education may be free at point of use; but it will cost the Labour Party quite a bit.

Choice in schooling is not like European monetary union, nor the West Lothian question, or most other bits of political arcana. It has chat-power. It is something that everyone can understand and that many people are emotional about.

Some voters will turn against Labour, not because of the charge that the Harman family has been hypocritical, but because the reaction of Labour MPs has chilled them a little. It suggests to some that the old Labour Party, so enthusiastic about stopping people doing things, determined to build a better world on a mound of prohibitions, is back. Certainly, the rage of many Labour MPs about Harman's choice has not been pretty. Too many have made it clear that they think she is a selfish middle-class southern woman of a kind that should be expropriated and preferably extirpated. Too, as one senior figure put it: "I wouldn't p*** on her if she was on fire." This is not, to put it mildly, the way to woo Middle Britain.

Other voters, though probably fewer, will turn away from Labour because of the charge that Harman is a hypocrite. I think she is. But I think she is no more of a hypocrite than Andrew Marr – or even, just possibly, the average reader of this column. Daily life is an endless series of compromises between the world as it is and the world as we would like it to be. For anyone with principles, hypocrisy is a universal sin. We sit snugly in our cars whining about pollution and congestion. We complain about underfunded this or that but



ANDREW MARR

do not offer the voluntary extra taxes that smiling Conservatives remind us the Treasury would accept. We prefer not to know too much about the short lives of the animals we eat.

Oh yes, and many of us praise the virtues of comprehensive education while avoiding the nearest comprehensive for our children. If I was living where Harman lives and had a child who got a place at St Olave's, I would jump at the chance. But then, as the picture byline will confirm, I am not Harman. Doesn't the fact of her being a Labour front-bencher change things? Doesn't it make things worse?

She is not enjoying a privilege for her own family that she would take away from other people's if she got into power. St Olave's would almost certainly still exist as

Labour's rage at Harman has not been pretty

a selective grammar school after a decade of Labour government because, despite David Blunkett's "read my lips" denunciation of selection at the party conference, the party has decided to keep selective grammar schools where that is what the local voters want.

Harman's hypocrisy certainly is not of that gold-plated, triple-A variety. The problem is rather that Labour MPs maintain that selection is bad for everyone and that comprehensives are good – not just for society, but for all children. And the Harman-Dromeyes, like many other parents, clearly do not believe it. There is a gap, in short, between Labour policy and the prejudices of millions of people. The problem for the pro-comprehensive majority in the Labour Party is that it cannot achieve its stated aim. It will not take on the vocal power of the grammar school lobby. And it cannot take on the private schools because Britain subscribes to international obligations setting out the right to choose an independent education.

So enough of the middle classes exclude themselves, paying through private school fees or higher mortgages to ensure that

"comprehensives" are really "partials", particularly in the inner cities. Labour is well aware of this but has no plausible answer. Moral exhortation is useless. If Labour MPs will not be exhorted, precious few other people will feel any obligation. Labour hopes that extra spending and a change in ethos will improve the state schools. Which is fine; except that it will not promise extra spending.

The Conservatives gleefully claim it all as a vindication of their school reforms. But the truth is that government policy is equally muddled. For most parents, the "choice" at the core of Tory policy is a big lie. Selection of pupils by schools and the tough squeeze on extra places are destroying what little choice is left in the system.

The Tories have become the defenders of socially divided education without actually having the courage to say so. Conservative MPs claim their intention is to create "excellent" state schools, yet few would dream of sending their children to them. The disastrous truth which the Harman case should ram home to every thinking voter is that with both big parties proclaiming education to be their priority and the election looming, neither has a plausible or intellectually credible policy for state schooling.

In defending Harman, Blair acted characteristically by putting his own position so publicly on the line. He is loyal to his friends and self-certain to the point of rashness. Now, though, he needs to move on from defending a friend to rethinking the policy. In a few days' time he is due to make a major speech on social issues. He should rip it up and try, instead, a speech which confronts honestly and thoughtfully the real dilemmas of schooling in Britain.

If so, he could and should give indications of alternative ways forward. There are some. A voucher system, for instance, could be heavily biased in favour of low-income families so that the daughter of a single parent on welfare would get a voucher worth, say, five times as much as a middle-class child. This would blur the snarled and class-bound lines which scar British education, and state funding would flow to where it was needed most. Schools in deprived areas or specialising in lower achievers would be able to afford to buy in specialist teachers on high salaries.

This episode has been too bad for Labour to talk of silver linings. For the party there are none; during the past few days all its old vices have been on show. But if he encouraged Blair to think again about schools, the rest of us could yet have cause to raise a glass to Little Joe, whose politician parents behaved like parents – and not like politicians.



Class struggle: education is turning into a litmus test for new Labour
Photograph: Hufton Deutsch

A comprehensive failure

The true hypocrisy over selection in schools does not lie in Harriet Harman's torn maternal heart; it lies at the heart of Labour's education policy. The hypocrisy lies in the fact that the not-yet-modernised Blairite party professes to believe in an aspirational, meritocratic society, while remaining bound by its ankles to a discredited comprehensive ideal.

Comprehensive schooling is the ideal form in a liberal democracy. The benefits for mutual understanding, for social cohesion, for not splitting the community into antagonistic bands of privilege and resentment, are ringingly obvious. Moreover, comprehensive schools should in principle be more able to respond to the varied talents that make up every individual.

The problem is that in practice it doesn't work. It doesn't work widely and well enough for any modern political party to sell it as a panacea.

I am as emotionally bound up in the comprehensive ideal as anyone in my comprehensively educated generation. I was proud to belong to that first band of kids who were not artificially separated into a small group of academically able and the less able remainder. But what I actually learnt, academically, was disgracefully poorer than it should have been. I succeeded, in the end, in spite of it. And I was not failed by individual teachers – my teachers were, in several fondly remembered cases, superhuman. It was the ideal that failed because it expected them all to be superhuman.

My generation are today's parents of young children, for whom the Harman dilemma is an urgent, defining issue for the politics of the Nineties. And if new Labour does not tackle that, honestly and openly, it will not deserve the appellation "new".

The problem is that the long and divisive course of our 30-year comprehensive experiment has shown that most schools cannot live up to the egalitarian dream. The best do. Good comprehensives are wonderful, inspiring institutions; but they are in a minority, and we cannot rest our hopes for the future on the fantasy that somehow the rest can be brought up to that high standard by wishful thinking.

Why have comprehensives failed? The answer lies in the impossibility of their ambition. My father fought hard as a politician during the Sixties and Seventies to bring about the introduction of comprehensive schools because he (as a one-son, grammar school-educated Tory) believed that the separation of children at the age of 11 into sheep and goats created a terrible social chasm. Moreover, he believed that less able children would gain from mixing with academically and socially aspirant children. But he never thought children should all be bundled together as one: he knew that comprehensives would not work unless teachers differentiated among pupils within them.

He was right. Comprehensive schooling does provide children with a broader social experience, and sometimes talent rubs off. But, face it, mostly it didn't work out like that. The parental and pupil culture in the overwhelming majority of state schools today is anti-aspirational. Instead of most pupils being lifted to the ambitions of the best, the best pupils come under heavy social pressure to scale their efforts down to the ambitions of the average.

Labour should stop incanting a flawed ideal

If steering children with different aptitudes into different schools were as a matter of course socially divisive and educationally destructive, why is it that Germany is more socially cohesive, has a narrower range of wealth, is less politically divided and consistently outstrips Britain's educational performance? The Germans separate children (albeit at a later age), as do the French. But they don't separate them down one tunnel that says "Clever" and another that says "Stupid", on the basis of a one-off test. They separate them into academically able, and technically able, and able at all kinds of other things, by assessing them carefully throughout their schooling years. And children move between one

school and another: they are not condemned, as many post-war Britons were, to a second-rate secondary modern.

Tragically, in Britain, the 11-plus still defines the argument because we are so desperate to escape its haunting apparition. But it does not have to be like that. Labour should stop incanting a flawed ideal and think radically about how to reinvent state schooling. In so doing, Tony Blair needs to win education professionals, as well as parents, to a new approach.

What is the real objective? Surely it must be to create a schooling system that can meet the diverse expectations of a diverse population. We need schools of many kinds, not just one comprehensive kind, or two selective kinds. In large urban areas, where children can easily travel to a variety of schools, it is surely good to encourage differences. One school might have a particular religious orientation; another might have a famous art department on which it lavishes resources; another might be superbly technically endowed. None of this undermines quality.

And in less densely populated areas, where parents in practice have a choice between one or two schools, selection is possible *within* schools: children can be grouped according to aptitude, enthusiasm, effort and commitment.

Some comprehensive schools do stream, by form, or subject, or both. But many more are too trapped in the mixed-ability mind-set to contemplate a different approach. They need to let go of their old verities and look at the inspectors' and academics' evidence that has mounted over many years in favour of grouping pupils by ability, or by their willingness to learn.

It is no accident that so much fuss has been made about Ms Harman's decision: education is the new Labour litmus test. Is Mr Blair going to create an ambitious, striving, achieving society, eager and enthusiastic to learn? Or is he going to renege on the pointless argument that has distracted us for far too long?

COLIN HUGHES
The writer is former education editor of the *Independent*

25,000 of
lights and
holidays to
be won

Bradford & Bingley triggers mortgage war

NIGEL CROFT

Building societies yesterday began hoisting defences against hostile takeover bids as the Bradford & Bingley cut mortgage rates and raised the return to savers. The Nationwide promised to follow suit within weeks.

Bradford & Bingley, the fifth-largest building society, cut the cost of its home loans to a new low of 7.24 per cent.

The society's bonus to its 1.9 million members, including a pledge of better savings rates, sparked expectations of a fresh mortgage price war with other lenders.

Its move prompted Nationwide, the largest society after Halifax, to say that it too would introduce a "loyalty" package for its 8 million members.

Brian Davis, chief executive at Nationwide, said of his own society's plans: "We will know where we stand by year-end in April. That will be the time for us to introduce any appropriate changes."

"We have been working carefully, trying to make sure that our capital reserves were sound before making a decision," he added that Nationwide planned to remain competitive as far as mortgage rates were concerned.

John Wriglesworth, director

of strategy at Bradford & Bingley, said: "We think that building societies that opt for plc status are making a one-way decision to sell off the family silver. This will leave their customers eating off paper plates in the future. We are giving them silverware, china and the best cuisine for the foreseeable future."

However, Halifax and Abbey National, who have led earlier mortgage-cutting moves, said yesterday they were not planning to follow Bradford & Bingley's example yet.

Bradford & Bingley's giveaway, expected to reduce its profits by £50m a year, cuts the cost of an average £50,000 mortgage by about £10 a month.

Over a typical 25-year loan period, an interest-only borrower would save £2,800. Over five years, new and existing borrowers will pay about £550 less. The new rates take effect on 1 March.

Savers will also benefit by the society's pledge to keep rates at an average of 0.25 per cent more than its key competitors.

"This announcement demonstrates the benefits of mutualism in action," Geoffrey Lister, chief executive of the society, said.

Yorkshire Building Society, which offered a similar package

to its 1 million members last October, and Britannia, about to launch its own loyalty bonuses, welcomed Bradford & Bingley's move. Its decision follows a series of takeovers and mergers of building societies.

Cheltenham & Gloucester and National & Provincial have been taken over by banks.

Last year, Halifax and Leeds Permanent merged and will de-mutualise in April 1997. Woolwich plans to follow suit shortly after that. An announcement from Alliance & Leicester is imminent.

Mr Wriglesworth said: "In the 1990s, we had better rates than the banks but we also had to face the fact that the housing market had collapsed. We needed to build up our reserves and have been doing so for the last five years. We can now give back some of our profits. We had planned a complicated system based on long-term loyalty bonuses, but some of our members said to us that they might be dead by then."

Rob Thomas, building society analyst at UBS, the Swiss banking group, said: "Having argued for a long time that societies that wanted to stay mutual needed to do something like this, I am not surprised by such a move. I can see this gaining momentum in bits and bobs."



Testing the waters: Brian Davis (left) of Nationwide and Geoffrey Lister, chief executive, of Bradford & Bingley

Holiday blushes for tour operator

DAVID HELLIER and JOHN SHEPHERD

Inspirations, the tour operator that only two weeks ago posted record profits of £7.7m, found itself in an embarrassing situation yesterday over a letter written to its Cypriot hoteliers that spells out reasons for payments delays.

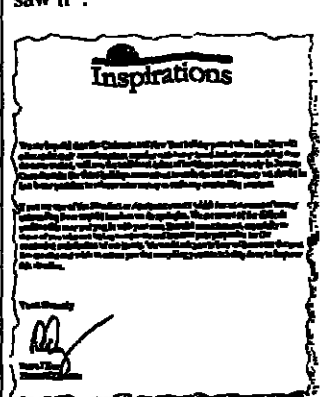
The letter, which appears to have been signed by the finance director of the tour operating subsidiary, Steve Keay, explains that payments problems have occurred for several reasons, including an accounting problem.

The letter describes the problems caused by poor trading conditions in the industry, aircraft leasing payments which have to be paid in order to ensure the continued expansion of the company's holiday programme, and disappointing early bookings for 1996.

The letter concludes: "If you are one of the Hoteliers or Apartment owners which has an amount of money outstanding from unpaid invoices we do apologise... we would ask you to bear with us over the next few months and wish to assure you that everything possible is being done to improve this situation."

The letter continued: "many in the travel industry have described the 1995 trading year as being one of the worst on record. The public's demand for holidays at lower prices and for heavy discounts to incentives bookings hit tour operators' margins and profits."

Paul Jackson, the finance director, said the leaking of the letter "makes me very very angry". "The company has £55m in the bank and made £7.7m in pre-tax profits. These are the facts," he said. He said the letter was written by a junior member of staff and added of Mr Keay that "I do not believe he saw it".



Bad news: The letter at the heart of the matter

Jobs to be axed in Cockburn's shake-up for WH Smith

NIGEL COPE

WH Smith's new chief executive, Bill Cockburn, pledged yesterday to shake up the company's sleepy, under-achieving culture in a series of moves that could involve large-scale redundancies at the beleaguered retailer.

Announcing a slump in half-year profits from £45m to £17m, Mr Cockburn criticised poor

cost control and weak accountability, saying the company needed to hit targets and budgets "rather than conjuring up excuses for missing them."

He said that the profit performance was "unsatisfactory" and warned that second-half profits were unlikely to exceed last year's £70m. Describing the company's culture as "cosy and complacent", he said:

"Sometimes you get that in old mature businesses that think they have a God-given right to survive." Mr Cockburn declined to give details on possible job cuts but said: "If that's what's necessary, that's what will be done." WH Smith has 23,000 workers world-wide, of whom around 20,000 are in the UK.

Mr Cockburn, who joined WH Smith from the Royal Mail

at the beginning of the year, said he wanted the group to capitalise on the strength of its brand name and to be more pro-active. It should be able to take advantage of the collapse of the Net Book Agreement, which used to govern book prices. The group has increased book sales by 9 per cent since the end of the agreement in October.

Analysis praised Mr Cock-

burn's sentiments but said he needed to address the problems at Do It All, the group's DIY joint venture with Boots, which recorded a loss of £7.7m in the six months to 31 December and sales 3.2 per cent lower than the same period last year.

Mr Cockburn refused to be drawn on details ahead of his strategic review, which will not be completed until the spring.

WH Smith's profits for the six months to December were down from £45m to £17m. Sales rose from £1.2bn to £1.3bn.

Operating profits at the core WH Smith chain fell from £26m to £12m, partly due to previously announced provisions. The chain has struggled against competition from the specialist music and bookshops and the supermarkets. Like-for-like

sales were 2.6 per cent higher.

Profits at Waterstones, the bookseller, improved from £3m to £5m while Virgin Our Price, the music and video chain that makes most profit in the second half, reported profits of £1.6m, compared with a loss of £800,000 last year. The interim dividend was maintained at 5.25p. The shares were unchanged at 407p.

Investment Column, page 18

Sir Rocco stuns City with Forte buyout plan

MATHEW HORSMAN

Sir Rocco Forte last night stunned the City with a proposed leveraged buyout of the Forte hotel empire from Granada. The assets, which include luxury hotels in Britain and overseas, are worth £2.5bn according to Forte's own figures.

Analysts warned that the new company would be highly leveraged in a sector that demands huge injections of capital.

But few were completely surprised by the dramatic move, pointing out that Sir Rocco had made it clear he intended to return to the hotels business, possibly through a bid for some of the Forte hotels that Granada will sell to help pay off the £2.5bn debt it took on to finance its £3.8bn hostile offer, which was declared unconditional on Tuesday.

Forte's advisers include SBC Warburg, Cazenove, Morgan Stanley, UBS and JP Morgan. According to Forte, financial discussions have been encouraging. If successful, the group could seek a stock market listing.

A concrete proposal is to be made within a few weeks, Sir Rocco said last night. Granada has already lined up several potential buyers for the hotels business, and is expected to drive a hard bargain. ITT-Sheraton, Bass, Accor and Marriott are among the possible buyers. According to Forte's own figures, the assets targeted in the LBO are worth about £2.5bn, but carry about £1bn in debt.

Sir Rocco, along with his sister, Olga Polizzi, are be-

lieved to particularly covet the Waldorf-Astoria hotel and the Meridien chain. If successful, the LBO would also give them the Exclusive Hotels and 12 other hotels in London.

Ironically, they would use some of the £300m the Forte family will receive from Granada when they tender their own shares. Sir Rocco is also likely to receive about £200,000 as compensation for the breaking of his management contract.

All told, Granada is selling assets worth £2bn, including its stake in the Savoy Group of hotels. Mr Robinson plans to meet the Savoy management by next week to discuss an orderly disposal of the shares.

Separately, sources at Whitbread rubbished reports that it had failed to support Forte in a last-ditch effort to keep the hotels group independent. According to the reports, Whitbread, which had agreed to buy Forte's restaurants and budget hotels for £1bn if the Granada offer was resisted, was meant to buy Forte shares in the market and to offer up to 400p to buy the pivotal 14 per cent stake held by Mercury Asset Management.

Whitbread is now expected to bid for Forte's Welcome Break motorway service areas, which are being sold by Granada.

Granada said it might overturn the £122m sale of the White Hart hotel chain to Regal Hotels, announced just before Forte succumbed to Granada's £3.8bn bid, because the deal was not done on a cash basis. "In the round, we are enthusiastic about anything but cash," Mr Robinson said.

Golden handcuffs for Grand Met director

NIGEL COPE

Grand Metropolitan, the food and drinks group which has developed a reputation for richly rewarding its directors, has issued a "golden handcuffs" contract to its latest boardroom appointment.

Paul Walsh, an American who looks after the group's Pillsbury business in the US and who was appointed to the main Grand Met board in October, will be paid a lump sum of \$750,000 plus interest if he is still in the company's employment in seven years. This is in addition to his \$910,000 annual salary.

The company said: "Basically it is golden handcuffs with a non-compete and gagging clause. He is running one of the best US food companies and we need to keep up with rival levels of compensation."

Under the terms Mr Walsh qualifies for the payment as long as he undertakes not to join a competing food group within 18 months or divulge details of the company's operations within that time.

He does not receive the payment if he leaves the company within seven years.

Details of the "seven-year" scheme follow a year during which Grand Met has paid

compensation payments totalling £1.3m to two directors who left the company. Ian Martin, who left the company to become chairman of Unigate, was paid £557,458.

David Nash was paid £790,000, the company confirmed yesterday, when he lost out to John McGrath in the battle for the position of chief executive.

At the other end of the pay scale, the company last month paid £106,000 in compensation to 900 of its Burger King staff who were told to clock off on unpaid breaks whenever the outlets were quiet.

Meanwhile, Scantronic, the

security alarms firm, revealed yesterday a £780,000 payout to former chief executive Chris Brookes hit profits. The payout followed Scantronic's takeover last November by Menvier Swain.

Together with the cost of closing Scantronic's headquarters, the pay-off has caused a £1m exceptional charge that will wipe out any profits made in the second half to April.

Mr Brookes had been on a five-year contract until Scantronic's board negotiated it down to three years shortly before the £10.5m takeover.

He was on a salary of £210,000 plus pension contri-

butions at 15 per cent of salary, at a time when Scantronic had fallen heavily into loss.

Menvier said it will also be writing down the value of Scantronic stock on its balance sheet by £4m in the second half.

Mr Brookes' payout was not the only one to hit Menvier Swain.

Just before Christmas the firm also paid a sum believed to be £250,000 to settle a lawsuit with the former finance director Ray Dias.

Mr Dias left the company after pressure from institutions when Scantronic hit trading problems amid mounting debt in July 1994.

Gardner tipped as British Gas chief

MARY FAGAN Industrial Correspondent

British Gas concluded a round of sweeping boardroom changes with the appointment as group finance director of Philip Hampton, the 42-year-old finance director of British Steel. Mr Hampton succeeds Roy Gardner, who has taken on a much wider brief and is increasingly regarded as the eventual replacement for the chief executive, Cedric Brown, now seen as the last of the old guard.

Mr Gardner, who joined from GEC in late 1994, takes on the formidable responsibility of renegotiating long-term contracts with North Sea producers, which are forcing the company to buy much more gas than it can sell, often at prices above those available in the market today. At the same time, he will be in charge of the gas supply business at a time

when the domestic market is being opened up to competition from rivals, including offshore companies and electricity firms.

British Gas also confirmed that John Whybrow would join the board from Shell, in the newly created role of director for strategic planning and corporate affairs. A spokeswoman said that Peter Sanguinetti, the director for corporate affairs, would continue in his role and report to Mr Whybrow.

Mr Hampton, who is highly regarded by City analysts, receives a £70,000 golden hello in addition to his £295,000 salary. The up-front payment is to compensate him for loss of share options at British Steel, where his package of pay and bonus was almost £290,000.

Mr Whybrow's salary is £275,000 and, as with Mr Hampton and other British Gas directors, he receives neither bonuses nor share options.

SFA fines Panmure over fraud worth £3m

JOHN WILLCOCK Financial Correspondent

Panmure Gordon, the stockbroker, has been fined £50,000 plus costs of £10,000 and severely reprimanded by the Securities and Futures Authority (SFA) over a £3m fraud by a former employee.

The SFA yesterday criticised Panmure for "inadequate protection of clients' assets, for failure in its control of its internal affairs and for failing to adequately train and properly supervise its staff."

The City regulator also banned the fraudster concerned, Jeremy Gray, from further investment business and ordered him to pay costs of £4,000. Last October Mr Gray was jailed for six years after being convicted of stealing more than £3m. Gray, 27, laundered shares owned by his father and the British Heart Foundation.

He did this while working as an assistant to a director in Panmure's private client stockbroking department.

Panmure discovered the frauds in the spring of 1994, seven years after Gray joined the firm. Panmure immediately informed the SFA and the police.

Gray, of Clapham, south London, was convicted last October of theft, false accounting and handling stolen goods. Panmure is still trying to recover money from accounts in Denmark, the Netherlands and Austria.

The SFA said that in January 1994 Mr Gray directed that around £55,000 held by Panmure on behalf of a client should be transferred to a Luxembourg account. In the following month Gray directed the transfer of £3m of stock held in a "depot" account in New York, on behalf of another client, to a third party in New York.

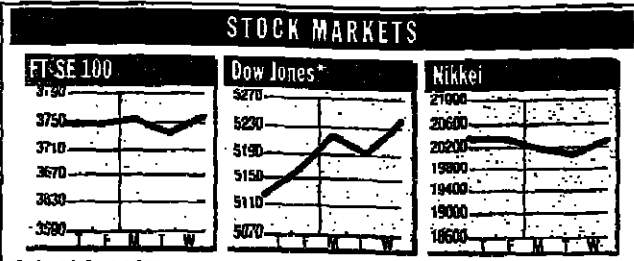
POSTGRADUATE COURSES

As the only official sponsors of the 1996 University of London Postgraduate Fair, The Independent is running a postgraduate course feature in Section Two, with specific editorial, details on the fair and pages of courses.

See Pages 16 - 21
Section Two

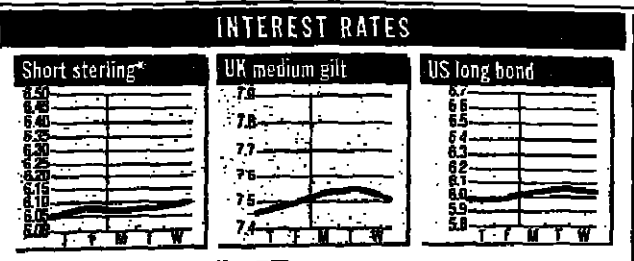
For further information call the Courses Team on 0171 293 2298

THE INDEPENDENT
ON SUNDAY



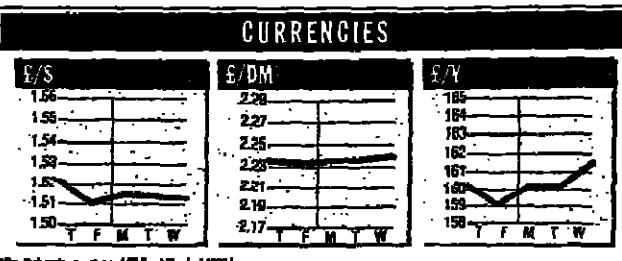
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low	Yield (%)
FTSE 100	3758.20	+23.20	+0.6	3758.20	2954.20	3.80
FTSE 250	4086.90	+14.50	+0.4	4086.90	3300.90	3.59
FTSE 350	1983.90	+10.50	+0.6	1983.90	1482.40	3.76
FT Small Cap	2002.59	+5.70	+0.3	2002.59	1678.61	3.12
FT All Share	1837.17	+9.95	+0.5	1837.17	1468.23	3.71
New York	5240.32	+48.05	+0.9	5219.36	3832.08	2.27
Tokyo	20312.74	+231.82	+1.2	20669.03	14485.41	0.767
Hong Kong	10960.21	+2.98	+0.0	10960.21	6987.93	3.381
Frankfurt	2423.07	+38.60	+1.6	2423.07	1910.96	1.867

Source: FT Information



Money Market Rates	1 Month	3 Month	6 Month	1 Year
UK	6.25	6.10	7.80	8.74
US	5.50	5.19	5.61	7.80
Japan	0.41	0.57	1.77	4.71
Germany	3.44	3.22	5.78	7.54

Bond Yields	1 Year	2 Year	3 Year	5 Year	10 Year
UK	6.25	6.10	7.80	8.74	8.71
US	5.50	5.19	5.61	7.80	7.88
Japan	0.41	0.57	1.77	4.71	4.71
Germany	3.44	3.22	5.78	7.54	6.59



Currency	Rate	Change	Year Ago
\$ (London)	1.5130	-0.10c	1.5904
\$ (NY)	1.5090	-0.30c	1.5915
DM (London)	2.2397	+0.31p	2.4146
DM (NY)	2.2397	+0.31p	2.4146
¥ (London)	161.536	+1.324	158.542
¥ (NY)	161.536	+1.324	158.542
£ Index	83.1	+0.1	89.0

Other Indicators	Yesterday	Day's change	Year Ago
Oil Brent	17.00	+0.13	16.71
Gold	402.90	-0.8	381.35
Base Rates	6.25pc	6.75	—

Wait till we see the colour of Rocco's money

COMMENT

Back comes the Forte family with a highly leveraged bid designed to buy precisely the same assets Granada now needs to sell. How much simpler and less costly if they had all sat down and done this in the first place?

How seriously should we take Sir Rocco's bid to reclaim at least a part of his empire? The concept is splendidly romantic, as well as making the last two months of bitterly contested takeover battles seem like theatre of the absurd.

Just think of it. Granada bids £3.8bn knowing that to make the bid work it needs to dispose of more than £2bn of assets. Then back comes the Forte family, in conjunction with its advisers and JP Morgan of the US with a highly leveraged bid designed to buy precisely the same assets as Granada now needs to sell – the Meriden chain, the Executive hotels and the Savoy stake. How much simpler and less costly if they had all sat down and done this in the first place?

Whether it can be made to work depends critically on what Sir Rocco can and is prepared to pay. If he can pay the asset value attributed to these properties in the defence, then Granada may feel obliged to deal. Until we see the colour of Forte's money, however, the offer looks like little more than the bravado of a defeated man.

McAlpine shows way out of insanity

There's nothing like a bid to galvanise otherwise humbling management. Shareholders in Alfred McAlpine, including the increasingly peeved McAlpine family trusts,

can probably thank Amec's half-hearted approach at the end of last year for kick-starting yesterday's withdrawal from the cut-throat construction market.

Investors in the most oversupplied, inefficient sector to clutter British industry must wonder what else has to be done to persuade McAlpine's peers to follow suit. Only in contracting could an industry-wide turnover of around £50bn result in an aggregate loss.

The outlook for the sector is hardly encouraging. Total output fell by 3 per cent in 1995 and forecasts suggest it is unlikely to recover until 1997. The worst of it is in the heavier end of the sector, which is being doled out by the Government's insistence on sacrificing infrastructure to a housing and consumer recovery. At the same time, low inflation means continuing cost-cutting is the only answer for materials companies.

The recent asset swap between Tarmac and Wimpey and Kvaerner's bid for Amec added a degree of excitement to a sector that has otherwise been a dead loss for four years. But amid the recent action it is easy to forget just how rare such moves are in the contracting business. Besides the recent excitement at Amec, there have only been two hostile takeover bids in this sector in the last 10 years (JY Lovell for Higgs & Hill and Lilley for Tilbury); both failed and the aggressors went on to suffer severe trading problems with Lilley eventually going bust.

There are several reasons why the insanity of construction is hard to cure. The abundance of small players means reducing capacity among the larger contractors has little effect. With no assets to talk of, contractors' balance sheets are difficult to value, putting off potential bidders. Moreover, merging two companies rarely increases the chances of winning big contracts. Where there were once two bidders for the contract, there is now just one. The normal rationale for mergers (one and one making three) is reversed.

So, McAlpine is right, the only way to solve the mess is to pull out altogether. Whether increasing the company's relative exposure to civil engineering and housebuilding is the answer remains to be seen, but at least the company has shown the disgruntled McAlpine family trusts that it is doing something.

German model loses its looks

Angst is a national condition in Germany. So the self-doubt that has crept into this great powerhouse of the European economy is hardly new. For once, however, Germany is right to worry. There is little doubt that economically things are going badly wrong. The effectiveness of the German government's response to this looming crisis will be watched closely by a wider world, not least in the UK, where the German model is seen

as the main inspiration for Tony Blair's stakeholder economy.

Like Daimler-Benz, the German economy shows symptoms of overload. Following the rise in unemployment to nearly 10 per cent, the government has now downgraded its projection for growth this year to only 1.5 per cent. Not only has Germany substantially overshoot the Maastricht budget deficit/GDP ratio of 3 per cent, it is set to crash through the debt/GDP ratio of 60 per cent.

The unexpected economic slowdown that started last year is the main cause. That in turn was helped on its way by the appreciation of the mark to record levels against the dollar last spring. But what added salt to the wound was a big jump in wages, with a two-year inflation-busting deal in the key engineering sector. This is clearly proving too much for many companies, given the strong real appreciation of the mark in the 1990s.

Some relief has come from the Bundesbank, with three half-point cuts in the discount rate last year. Yesterday's further easing in the repo rate sent a strong signal that December's discount rate reduction to 3 per cent may not be the last. A further reduction to 2.5 per cent – something that has only occurred once before – now seems odds-on.

As Theo Waigel, the German finance minister, conceded at the Group of Seven meeting in Paris last weekend, the rigidity of European labour markets is itself a cause of slow growth. Ambitious plans agreed by the government and both sides of industry

to halve unemployment by the end of the century are an advance in the right direction for they include more flexible working hours, the use of temporary jobs and the expansion of part-time jobs. Collective bargaining between employers' organisations and unions will remain the cornerstone of the German labour market, however.

Those in favour of the German system say that wage co-ordination and direction help to keep down unemployment. The argument is that if the Bundesbank raises interest rates, Germany doesn't have to go through the pain of recession to bring down wages; negotiators will instead take pre-emptive action. By contrast, the sorry post-war experience of the UK is that in an unco-ordinated set-up, workers have to feel the burn before they're willing to ease up on demands for higher wages.

But just because something has worked in the past doesn't mean to say it will always work. Kenneth Clarke has taken the offensive on the great jobs debate, arguing that the flexible labour market is proving more effective in cutting unemployment than the rigid systems in Continental Europe. In the run-up to the Group of Seven jobs summit in Lille this spring, the spotlight is bound to swing onto the jobs crisis on the Continent. The Germans were always going to stick by their system – it has served them well. Yet while the German model has proved its worth in the past, it looks a less attractive guide to the future.

Monopolies chief seeks to bypass ministers

PETER RODGERS
Business Editor

Graeme Odgers, chairman of the Monopolies and Mergers Commission, said yesterday that the Office of Fair Trading should be allowed to make direct references of mergers to the MMC, reducing the ability of ministers to intervene in takeover battles.

His proposal would shift the balance of power from politicians to officials and radically change the background to City takeovers, where ministerial decisions on references are often crucial to the outcome.

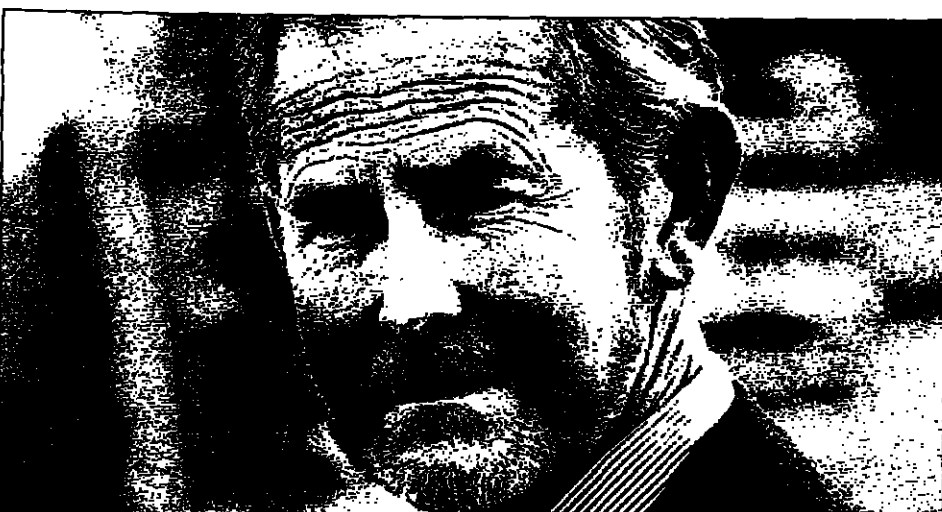
It follows a similar call by John Bridgeman, the director general of fair trading, who said before Christmas that there was a case for giving him the right to bypass ministers in making merger references.

Mr Odgers said the present system "arguably introduces a political input at too early a stage of the regulatory process".

The two most senior competition officials have unveiled their proposals as the Government draws up a detailed consultative document on changes in competition policy, which is to be published in the spring. But the Department of Trade and Industry said there were no plans to change present arrangements for merger references.

These are currently made only by the Secretary of State for Trade and Industry, after receiving advice from the director general of fair trading.

The vast majority of recommendations by the OFT to refer takeovers are in practice accepted by the DTI, but the re-



Power shift: Graeme Odgers' proposals for merger references to bypass ministers would radically change the background to City takeovers

fusals tend to be high-profile and politically sensitive cases.

The OFT said that since 1976 the government had overturned OFT recommendations 19 times, including once under Mr Bridgeman, when Ian Lang, President of the Board of Trade, rejected an inquiry into the takeover of Norweb by North West Water. Recommendations by his predecessor, Sir Bryan Carsberg, were overturned three times. In one of them, the GEC bid for VSEL, the submarine-builder, Sir Bryan said there were no competition grounds for a reference – but the Government sent the bid to the MMC on public interest grounds.

Mr Odgers said that even after giving the OFT the right to make direct references, ministers should retain the power to make their own merger references.

If the move to direct references were accepted, it would bring merger cases into line with monopolies law, where the OFT already sends cases to the MMC without going through ministers first.

With monopolies references, the Government also has the power to veto a reference made by the OFT. But ministers are likely to find that a veto imposed after a decision by the OFT is harder to justify in public than the present system, in which ministers simply reject advice.

Mr Odgers also called on the Government to embark quickly on a number of reforms of competition law. But he made clear that he rejected proposals for a radical change that would merge the OFT and the MMC into a single body and bring British monopolies law in line with European practices.

Mr Odgers backed a strengthening of the investigative powers of the OFT and also giving it powers to put an immediate stop to some anti-competitive practices such as predatory pricing.

At the moment, no action can be taken until after inquiries are completed, and sometimes the businesses affected have collapsed by then.

Mr Odgers said the Government had also recognised the need to replace the Restrictive Trade Practices Act with legislation on the lines of Article 85 of the Treaty of Rome. "I would like to see these changes implemented quickly," he added.

The Government has been promising action for several years but there was no legislation in the Queen's Speech and the next step is only a government paper.

650 jobs cut at Alfred McAlpine

TOM STEVENSON
City Editor

Alfred McAlpine is to shed 650 jobs as it closes its traditional open-tender building business. The shutdown, the latest move in the restructuring of the UK construction sector, will knock a £34m hole in profits for the year to December, sending the company "substantially" into the red.

Despite the prospect of losses, the news was welcomed by the City, which pushed McAlpine's shares 10p higher to 158p. Many companies have trumpeted their refusal to join in the cutthroat tendering competition for building work, but few have acted as positively to withdraw from the overcrowded market.

All the job losses are in the building division, where 350

staff are to go immediately and another 300 to follow. The move represents a dramatic cutback for the company, which employs about 4,000, including 900 in the US. It is the latest stage in a reduction that has seen the number employed in the industry fall by 500,000 to 1.3 million since 1989.

McAlpine's decision leaves it evenly balanced between housebuilding and civil engineering. The company also plans to set up a "special projects" division, to focus on jobs such as new football stadiums, hospitals and leisure industry building works.

The withdrawal follows the announcement of a large asset swap between Tarmac and Wimpey and the withdrawal of several large contracting businesses from their housebuilding operations. All the moves have

been in response to wafer-thin margins that have seen much of the UK building industry struggling to recover from the recession that started more than five years ago.

The restructuring of McAlpine's contracting division comes after a difficult period for the company in which it has been publicly criticised by its largest shareholder, the McAlpine family trusts, and approached in an unsuccessful bid attempt by rival Amec.

Last September a leaked letter from Sir Chips Keswick, acting on behalf of the McAlpine family, which still holds 15 per cent of the shares, said: "We have lost any confidence that we may have had that the present senior executive management is capable of rebuilding the group's profitability."

McAlpine's non-executive chairman leaves the company in May following the annual meeting and earlier this week a new finance director, Gavin Morris from Norcross, was appointed.

Oliver Whitehead, chief executive, said: "Although the costs will result in the group reporting a substantial loss for 1995, the reorganisation is expected to lead to significant profit improvement."

He said it had been a difficult decision to pull out of what had been a core business, but warned that the division had produced disappointing results for some time and was showing no signs of improvement.

"Some people think it will get better in 1996/97 as the Government hands out sweeties ahead of the general election – but we don't agree", he said.

Masters degree programmes

London Business School's international masters degree programmes are career oriented and practical, while maintaining high standards of rigour and scholarship.

■ Our full-time MBA and Executive MBA Programmes emphasise implementation and internationalisation. Projects, fieldwork, consulting assignments, an international exchange programme, plus a choice from over 70 elective courses are key features of this unique programme.

The day-release format of the part-time Executive MBA ensures that not only will you be able to benefit from the programme straightaway, so will your employer.

■ Our specialist Masters in Finance is designed for those already pursuing, or planning to pursue, careers in business or the financial services industry.

The Masters in Finance is taught by the School's world renowned finance faculty and can be completed in nine months, on a full-time basis, or over two years of part-time, mainly evening, attendance.

■ Our Sloan Masters Programme and the International Executive Masters Programme are general management programmes designed for experienced professionals in the 30-45 age range. Both programmes lead to the award of an MSc degree in Management and include international fieldwork and project assignments.

The Sloan Programme can be completed in 9 months of full-time study and is the only European programme of its kind. The International Executive Masters Programme consists of eight modules of between two and four weeks and can be completed in two years.

Information about the School is available on the World Wide Web at the URL address: <http://www.lbs.ln.ac.uk/>

London Business School will be at the MBA Fair, Business Design Centre, Islington, London N1 on Wednesday 31 January and Thursday 1 February 1996.

Please attach a business card or write in block capitals to: Tim York, Information Officer, London Business School, Sussex Place, Regent's Park, London NW1 4SA, UK. Telephone: +44 (0)171 706 6859 or +44 (0)171 262 5050; Fax: +44 (0)171 724 7875; e-mail: mbainfo@lbs.ln.ac.uk

Please tick to indicate the programme(s) about which you would like further information:

☐ Full-time MBA ☐ Full-time Masters in Finance ☐ Sloan Masters Programme
☐ Executive MBA ☐ Part-time Masters in Finance ☐ International Executive Masters Programme

Name: _____ Job Title: _____

Company: _____ Address: _____

Postcode: _____

Telephone: _____ Facsimile: _____

London Business School exists to advance learning and research in business and management.

London
Business
School

Imports push non-EU deficit up by £2.4bn

DIANE COYLE
Economics Correspondent

Britain's deficit in trade with countries outside the EU soared by £2.4bn to £7.5bn last year, despite a record surplus on trade in cars. Yesterday's figure suggested that the full trade deficit for 1995, due next week, is likely to be more than £12bn, compared with £10.7bn the previous year.

The biggest-ever deficit with North America, at more than £1.8bn, lay behind the weaker non-EU trade performance. The gap between imports and exports turned £2bn for the worse as the US economy slowed.

Imports of "intermediate" goods such as microchips and electronic components surged, and there were also unusually high imports of silver in the second half of the year.

However, there was an £800m surplus on trade in cars, the highest since the series began. Thanks to a 25 per cent jump in exports, this was twice the previous year's surplus.

The overall gap widened to £613m in December, up from £436m. Even so, the figure was better than expected and City economists suggested that the trend could be stabilising.

The volume of imports – excluding oil and erratic items – jumped 6 per cent in the month, compared with a 1.5 per cent rise in exports. But their growth

has been similar over the past three months taken together.

"Underlying export volumes are back on a clearly upwards trend," said Kevin Darlington, an economist at the brokers Hoare Govett.

During 1995 as a whole there was a 6 per cent increase in export volumes, with imports up 5 per cent. There were particularly big advances in imports of food, beverages and tobacco – mainly meat and fruit and vegetables – and finished manufactures.

Imports of basic materials and semi-finished manufactures were higher year-on-year, but fell sharply during the last quarter of the year.

Michael Saunders, UK economist at Salomon Brothers, said this fitted with survey evidence that firms were cutting back stock levels, which had built up rapidly earlier in the year.

Import prices rose significantly more than export prices due to the surge in commodity prices earlier in the year and the pound's decline.

Import prices were 11 per cent higher than in 1994, compared with a 6 per cent increase in export prices.

Some analysts suggested that British exporters had taken advantage of the fall in the pound last year to build profit margins rather than sales. If so, exports could be hit by weaker growth overseas this year.

IN BRIEF

Optimism on rates sends Dow soaring

Hopes that US interest rates will fall next week were boosted yesterday by weaker-than-expected figures for industrial output in December. The news drove the Dow Jones industrials index up more than 50 points to a record 5,242.48 by late morning before retreating slightly, writes Diane Coyle.

Treasury bonds gain more than half a point. Separate figures showing Japan's annual trade surplus with America had shrunk for the first time for five years took the dollar to its highest level for nearly two years. It rose more than a yen to ¥106.95 before closing at ¥106.82 in London. It also rose above DM1.48, partly due to a further reduction yesterday in the German Bundesbank's repo rate, a key money market interest rate. The pound fell slightly to \$1.5130.

Bellway swoops on Wainhomes shares

Troubled housebuilder Wainhomes went on bid alert yesterday after rival Bellway took advantage of the recent plunge in its share price to pick up a 4.8 per cent stake. Alan Robson, finance director of Bellway, denied the two companies were in discussions that might lead to an offer, saying only that the shares looked attractive at last week's low of 66p compared with net assets per share in the latest balance sheet of 95p. Wainhomes shares rose 10p yesterday to close at 90p.

M&S reports strong Christmas trade

Marks & Spencer has reported an upbeat Christmas trading statement, though sales in France were seriously affected by the strikes in Paris. Group sales in the five weeks to 30 December were up 6.5 per cent. Sales in the 12 weeks to the same date were 4.7 per cent ahead of the same period last year with general merchandise up 4.8 per cent and food sales up 4.4 per cent. M&S will open its first German store in Cologne this autumn.

£870m Welsh Water bid cleared

The Government has cleared the £870m bid by Welsh Water for South Wales Electricity after the water group gave undertakings demanded by Ian Byatt, the industry watchdog. Welsh has said it will seek a separate listing for the core water operations for the issue of new preference shares.

NM Rothschild to announce strategy

Sir Evelyn de Rothschild today announces the future strategy of the family-owned merchant bank. He is expected to tell staff that NM Rothschild will pursue its independence strategy as an international boutique, focusing on advisory services. Rothschild was approached last year by NatWest Group, interested in some form of co-operation to shore up its corporate finance activities.

THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Sleepy WH Smith needs shaking

WH Smith's new chief executive, Bill Cockburn, made all the right noises yesterday though it must be difficult to sound positive when you are announcing half-year profits of just £17m on sales of £1.3bn together with a profit warning for the second half.

The former head of the Post Office spoke enthusiastically about shaking up Smith's sleepy culture (shades of the Post Office, cutting costs and being more pro-active rather than just sitting back and waiting for others to take the initiative). His view is that, like Boots, WH Smith has a strong brand name on the high street but must make better use of it. He wants Smith to become the first name in children's education and hobbies. He is also keen to increase the core chain's average customer spend, which is less than £5.

These are all good points but could prove harder to implement than he hopes. As Mr Cockburn no doubt found at the Post Office, changing a corporate culture is a long, hard slog, measured in years, not months. Cutting costs will be welcome but if these include large-scale redundancies, the next set of figures is likely to be scarred by large provisions.

WH Smith must also face its structural problems. Its key difficulty is that it is caught between specialist stores and the supermarkets, which are increasingly moving into music and videos. Smith's problems are exacerbated by the fact that its own specialist chains, such as Waterstones and Virgin Our Price, are cannibalising the main stores more than management admits.

The group also needs fewer formats. Here the obvious headache is Do It All, the loss-making DIY joint venture with Boots. Smith's share of the loss was £7.7m in the six months to December and could be as high as £10m for the full year. Like-for-like sales were 3 per cent down in the half-year and with Texas Homecare being absorbed by Sainsbury's Homebase, the group faces an increasingly competitive market.

The company is refurbishing stores and closing others but more radical action is necessary. Closure or the sale of its 50 per cent share to Boots may be the answer, though this would be expensive and Boots is unlikely to be willing.

For shareholders, much will depend on the results of Mr Cockburn's strategic review, which will not be completed until the spring. In the meantime the company – and the shares – are likely to remain in limbo. After last year's profits warning, the shares have already

enjoyed a bounce but remained unchanged by yesterday's news at 407p. BZW has downgraded its full-year profits forecast from £95m to £85m which puts the shares on a forward rating of 20. High enough.

Textile sector worth a spin

It is little wonder the textiles sector has been such a dull area of the stock market over the past year. The industry has been squeezed between soaring raw material prices on the one hand, and depressed sales caused by consumer confidence and an exceptionally warm summer on the other. After running up through the early part of 1995, shares in the sector have now come all the way back down, leaving the FT-SE textiles & apparel index just 1 per cent higher than where it was a year ago.

But the index has already rebounded from a level not seen since last year, when raw material price worries were at their worst, and there are plenty of more tangible reasons to be bullish about textiles. The rise in raw material

prices now seems to be past its worst, with near-term cotton contracts currently changing hands at around 85 cents a pound, compared with around \$1.20 nine months to a year ago. Meanwhile, base rate cuts and tax reductions should provide a boost to high street spending in 1996, an expectation given some support by the generally optimistic tone of recent Christmas trading statements from retailers.

The imponderable remains the weather, but the chances are that 1996 will not repeat the record temperatures of last year, providing more incentive for consumers to go out and spend. Investors looking to dip into textiles could do worse than look at Coats Viyella, which is well managed and has dumped a number of commodity businesses in the past year. Coats warned in December that the warm weather would hit last year's profits, which are expected by brokers Granville Davies to be around £146m. But they should rise to £166m in the current year, putting the shares down 2p at 194.5p on a prospective multiple of 13.

Dewhurst, a major supplier to Marks & Spencer, which has been revitalised by new management, is another stock worth a second look. The shares, up 1p

at 184p, now stand on forward price/earnings of 15, based on Granville's forecast of £22.5m current year profits. But, after outperforming the market by 16 per cent last year, they may be in for a period of consolidation.

Frost is petrol war casualty

The appointment of Christopher Walsh, an oil industry veteran, to the board of Frost did little for the embattled petrol station group's shares yesterday. The price dropped another 4p to 155p, taking the fall over the past week to 14 per cent. Even with his 30 years of experience in the business, the new non-executive director will have his work cut out to reverse the problems facing Frost.

The body blow came last week, when Esso launched a big petrol price war by extending its price watch campaign to the whole country. At a stroke, the market's leading petrol retailer reduced its prices to the level of the supermarkets, which have carved out 22 per cent of the market from a standing start only a few years ago. Six days into the campaign, the signs are that the big store groups have yet to respond to Esso's move by reducing their own prices. But the threat remains and analysts have already slashed 1996 profits forecasts for Frost by around £6m to £15m.

Frost is exposed because of last year's £83m deal to buy Burnham Castrol's petrol station business. The acquisition came close to doubling the group, bringing in 182 owned sites to add to the existing chain of 240 and 807 supply contracts to independent outlets.

In the light of the savage competitive environment, the Petrol Retailers' Association is forecasting that 70 per cent of the 10,000 independents will be forced out of business over the next two years. When it bought the Burnham business in June, Frost predicted it would lose 300 of its supply contracts in two years.

In fact, that has already happened and the company expects it could end up with as few as 300 in total.

The Esso move was in the wind at the time of the Burnham deal and James Frost, the chairman, has shown himself adept at weathering previous storms in the industry. But, despite a prospective price/earnings multiple of just 11, the shares are best avoided for now.

Simon Pincombe CITY DIARY

A day of triumph for Anglo-Saxon pluck

The champagne atmosphere at yesterday's Granada annual meeting is flattened by the irritating intervention of the ubiquitous old buffer with a point of order (it must be the same person who goes to them all). This one has a plum in his mouth and insists on confounding the still-jubilant board with irrelevant and incomprehensible observations and questions.

The first of many noted that Alex Bernstein, the Granada chairman, must now be prepared to work within the G30 group of industrialised nations and not just G7 – because the bigger group includes the Philippines. Mr Bernstein's response was to stare blankly for a while before assuring the malcontent that Granada was an equal opportunity employer.

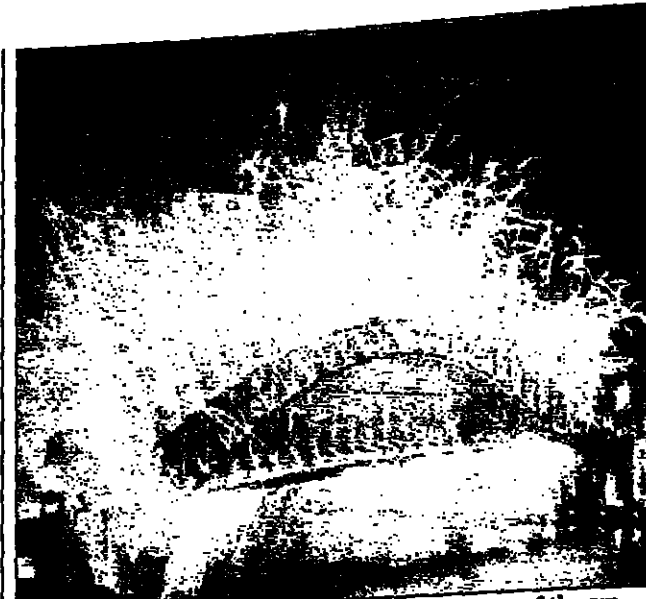
But it did not stop there. More trivia followed. And still more. Then, pretending to be unimpressed by explanations on aspects of the report and accounts, the buffer demanded the chairman use "simple Anglo-Saxon words" to put his message across.

Actually, I'm a great believer in short Anglo-Saxon words," retorted Mr Bernstein to surrounding cheers from the floor.

Grin news from the Central Statistical Office and we are not talking about the trade figures. The relentless drive for a leaner Whitehall machine has meant the end to the time-honoured practice of serving coffee and biscuits at economic briefings. The complimentary glass of wine at "very important economic briefings" is also history.

The costs savings are expected to be enormous. The contract caterer Gardner Merchant (once owned by Forte) has been charging the Government 75p for each truly dreadful cup of coffee.

The Christmas party of the



It may be freezing outside but Fortes – purveyors of the amber nectar to a grateful nation – will tomorrow invite us "to celebrate the Australian way of life" with the biggest beer promotion campaign ever seen in the UK. For the less cultured, tomorrow is Australia Day and the brewer is to unveil a £5m campaign to take 1,000 Britons on a "dream holiday" Down Under. The airline will involve nine special Qantas flights to Sydney (above) where the 1,000 winners of a national competition called Fostralia 1,000 (I'm afraid so) will be let loose among the barbies with more lager than they can handle.

solicitors Davies Arnold Cooper is still causing reverberations throughout the legal profession. It seems the firm's credit controller – one Barry Desouza – did a turn with six lawyers and a secretary which went down barnstormingly well.

Featuring such contemporary classics as 'Mustang Sally', 'Honky Tonk Woman' and 'Addicted to Love', it was an accomplished set by all accounts. And the reviews are terrific. "The man is tipped to be the next Luther Vandross," notes the trade magazine, *The Lawyer*.

Certainly Mr Desouza is not your average credit controller. He has sung with Womack and Womack and the Style Council and is in much demand on the London circuit. The backing band (called The Limitations) is also reaching for the stars and should have no

trouble negotiating a recording contract should the offer come along.

No comment from the deflated Forte camp on the sudden reappearance of one of Sir Rocco's long-lost flames in a Little Chef in Surrey. The odds must have been greater than a National Lottery jackpot. Simone Knightley, a blonde designer and university lecturer from Dorset, just happened to pop into the cafe with her husband while on her way home from India. There she just happened to bump into a reporter from the *Daily Telegraph* who had been dispatched to get background colour on the final day of the bid. "I used to be Rocco's girlfriend," she announced to the incredulous huck.

And yes. She chose the Linda McCartney veggie burger.

Insurers face £500m storm bill

NIC CICUTTI

Insurance companies face a bill of up to £500m to meet claims after the storm damage suffered in Scotland and the North of England a few weeks ago, fresh research revealed yesterday.

Up to 3.5 million people may have been affected by the storms, which led to a big freeze and power cuts in many areas. But it was the subsequent thaw that led to massive damage from burst pipes, both to commercial premises and private households, according to the study, by Willis Faber & Dumas, the reinsurance group.

The report's findings, which classed the freeze as the third-most expensive for the industry in a generation, clash with earlier estimates by UK insurers. For some time afterwards, they

insisted claims against them were likely to be minimal.

Willis Faber & Dumas said yesterday that the high bill of between £300m and £500m was caused by the failure of electrical supplies, which led to large numbers of burst pipe claims.

Many firms were putting in claims for business interruption with a further widespread impact on industry following water shortages caused by burst water supply pipes. Despite this problem, brewers and distillers were unaffected, the report said.

Household claims averaged between £500 and £1,000, with some exceptional cases of up to £10,000 being reported.

On the business side, a number of commercial losses of more than £750,000 each have been reported to insurers. Willis Faber & Dumas said

yesterday that the scale of claims could cost between 3 and 5 per cent of total property insurance income for the year.

Oliver Peterken, director of research at Willis Faber & Dumas, said: "We based our paper on the worst-case scenario, that there were 500,000 units damaged. But the market is starting to see commercial losses coming in which are much higher."

"The important thing is the volume of claims rather than the average cost of each claim. We estimate a bill of up to £500m for households, with commercial losses thereafter."

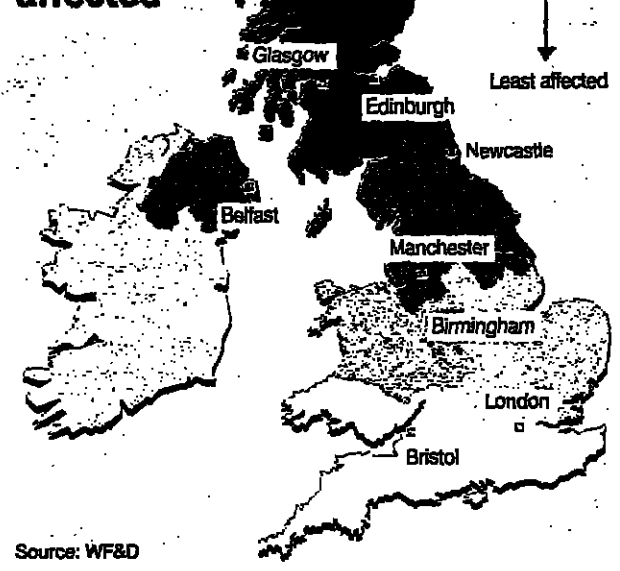
"The thing to remember is that for a domestic customer a flood is an unpleasant event. For an industrial customer it is not just damage to property but business interruption – those can take time to come in and will be more expensive."

"I would not expect this to have an impact on premiums. This is the kind of thing insurance companies budget for."

Chris Dore, personal claims manager at Eagle Star, said: "We guessed the number of claims roughly right, but there is no doubt that the value of many claims has been rather more than we anticipated. There have been quite a lot of serious instances of damage, which in the early days we did not expect."

"It was difficult to get plumbers out initially and there was so much emergency work that our immediate reaction was to make sure the insured was more serious than first assumed, but still within bounds that should not materially affect our results or lead to an increase in premiums for policyholders."

The big freeze: areas worst affected



Source: WFSB

CU premium income up 60%

NIC CICUTTI

Commercial Union, one of the UK's largest insurers, yesterday bucked the trend facing other parts of the life industry by announcing that its world-wide life and pension premiums increased by almost 60 per cent to £2.4bn.

A substantial part of the increase came from the company's French subsidiary, Abeille vie, bought in October 1994 as part of CU's takeover of Groupe Vie.

mium business rose 115 per cent to £1.49bn.

However, the difficulties facing other insurers were reflected in CU's UK results, which showed new annual premium income fell 36 per cent to £40m.

More positively, the company's single-premium business in the UK rose 38 per cent to £345m, boosted largely by sales of its classic investment bond.

World-wide, new annual premiums, the amount investors are prepared to save on a regular basis, rose 12 per cent to £238m.

The company's increase in premium income marks a further stage in its strategy of world-wide diversification, with a growing emphasis on life and pensions business to replace its previous reliance on general insurance activities.

CU said that in the Netherlands, growth in new annual premiums increased by 5 per cent while new single premiums rose by 17 per cent. Elsewhere in Europe, new premium income rose by 31 per cent and single premiums by 24 per cent.

Biotech shares make another leap

MAGNUS GRIMOND

Shares in British Biotech, the biotechnology group, leapt to a new peak yesterday following buying by one of the directors. The price closed at £21.68, up 198p on the day, meaning the shares have more than doubled since the November announcement of promising results from trials of the group's Marimastat anti-cancer drug sent the price soaring.

Yesterday's move seems to have been prompted by the ac-

quisition of 3,000 shares at £18.15 by Henry de Ruiter, who recently joined the board as a non-executive director.

Mr de Ruiter, a Dutchman, is an old contact of John Raiman, the Biotech chairman, who knew him at Shell, where he sits on the board. He is also a director of Heineken and Aegon, the giant Dutch insurance group.

Apart from Mr de Ruiter's purchases, the company could not account for yesterday's sharp price movement. Trading

in the shares was strong yesterday, with turnover of 683,000 shares. Buying may have been spurred by two brokers' recommendations last week, when Morgan Stanley moved Biotech from "buy" to "strong buy" and the US House First Boston also issued a buy note.

At the end of November, the share price soared 48 per cent to £15.48 in one day after the company released results apparently showing that cancerous tumours responded to treatment with Marimastat.

IN BRIEF

Quitting insurance costs Xerox \$1.5bn

Xerox Corporation, the US photocopier giant, has reported a loss of \$1.09bn in the fourth quarter after a \$1.55bn one-off charge. The provision related to the group's disengagement from insurance operations, leaving a loss for the year of \$472m or \$5.26 a share, fully diluted, compared with earnings of \$794m in 1994. Revenues from the core document processing business rose to \$4.8bn in the fourth quarter from \$4.6bn, and to \$16.6bn for the whole of 1995, up from \$15.1bn the previous year.

Pub operator to buy more sites

Surrey Free Inns, the AIM-listed southern pub operator, has provisionally agreed to buy 10 more sites for its Litten Tree "super-pub" chain. The new outlets are set to open towards the end of this financial year. The announcement came as Surrey unveiled a 54 per cent surge in pre-tax profits to £606,000 in half-year to 19 November. The interim dividend is hoisted a quarter to 1p.

Ad agency ahead after float

Media Business Group, the advertising buying agency, has reported record profits in its first results since flotation last September. The pre-tax figure jumped 30 per cent to £412,000 in the six months to October. The maiden dividend is being brought forward from the forecast date of October, with an interim payment of 0.03p declared.

Australian small company trust rejects bid

The board of NM Smaller Australian Companies Trust has called on shareholders to reject the hostile bid from Pacific Assets Trust. After discussions with PAT and other possible bidders, the directors' terms have not been met. These include seeking a continued exposure to Australia for investors and obtaining a cash or near-cash alternative to a share offer.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Dunelm (Q)	0.05m (0.24m)	-0.03m (-0.03m)	-0.04p (-0.05p)	nil (nil)
Media Business Grp (Q)	49.0m (44.1m)	0.41m (0.32m)	0.12p (0.11p)	0.03p (-)
Waverley-Swain Grp (Q)	45.5m (5.09m)	5.8m (5.2m)	8p (8.3p)	1.85p (1.8p)
Prosperous Inds (Q)	81.8m (67.4m)	21.3m (5.9m)	-7.24p (2.35p)	0.025p (0.56p)
WH Smith (Q)	1.36bn (1.23bn)	17.3m (45.2m)	4p (11.2p)	5.25p (5.25p)
Shield (Q)	0.52m (2.13m)	-0.18m (-0.32m)	-6.1p (-5.7p)	nil (nil)
Surrey Free Inns (Q)	5.79m (5.50m)	0.61m (0.39m)	6p (3.8p)	1p (3.8p)
(Q) - Final (Q) - Interim (Q) - Nine months				

THE OMEGA SETS THE STANDARD BY WHICH ALL EXECUTIVE CARS MUST BE JUDGED

WHAT CAR?

THE OMEGA FROM VAUXHALL

Fokker collapse could put 1,500 Shorts jobs at risk

RUSSELL HOTTEN

Shorts Brothers, the Belfast aerospace company, warned last night that 1,500 jobs would be at risk from the collapse of Fokker, the Dutch aircraft maker.

Bombardier, which owns Shorts, confirmed that it may form part of a rescue bid for Fokker, which on Tuesday sought creditor protection after owner Daimler-Benz withdrew financial aid.

Shorts, which employs 6,800, has about 700 staff working directly on manufacturing wings for the Fokker 100 and Fokker 70 jets and a further 800 involved in making Fokker components and support services.

The Belfast company said it had received confirmation that its financial exposure would be

covered, and the company would continue wing production on a slightly reduced schedule. Rolls-Royce and Dowty, part of TI Group, also supply Fokker.

Shorts said that some employees working on Fokker operations would be transferred to other production lines.

The Dutch government said that it was talking to several potential purchasers. It is thought these include IPTN, an Indonesian state-run company, Aircraft makers from Korea, China and Brazil could also gain from Fokker's expertise in the design and manufacture of 70-125-seater aircraft. Leo Steijn, a Fokker spokesman, confirmed the company is holding talks with outside partners, but declined to give details.

However, Michel Lord, vice-

president of Bombardier, told the Dutch media last night that the company might consider the acquisition of all or part of Fokker.

Mr Steijn said Fokker had enough cash in hand to continue for the time being. The company is negotiating with the government on early payment for four Fokker 61s for the Defence Ministry and one executive jet for the royal family.

Further division between Holland and Germany opened up yesterday as Hans Wijers, the Dutch Economics Minister, criticised Daimler-Benz for refusing to compromise on a rescue plan. Daimler had demanded government money. Meanwhile, Daimler accused the Dutch government of abandoning its aerospace industry.

The Advanta Visa Card

Notice to Cardholders of Interest Change

Due to the change in Base Rate from 6.50% to 6.25%, your Advanta Visa Card interest rate for Purchases and Cash Advances will be reduced accordingly from the first day of next month. Your interest rate margin

over Base Rate remains constant. Condition 5 of your Advanta Visa Card Conditions of Use is varied accordingly. If you have any questions about this change, please call our Customer Service Centre on:

0345 070 070

(calls charged at local rate).

RBS ADVANTA

Registered in Scotland No. 157256. Registered Office: 42 St. Andrew Square, Edinburgh EH2 2YE. RBS Advanta is a joint venture company owned by The Royal Bank of Scotland plc and Advanta Corporation.

Foreign Exchange Rates

STERLING			DOLLAR			D-MARK	
Country	Spot	1 month 3 months	Spot	1 month 3 months	Spot	Spot	
US	1530	11-9	30-27	1000	0-3	45	1256
Canada	20708	9-8	30-27	13827	0-3	70	1200
Germany	22287	9-8	30-27	14003	25-29	75-70	1275
France	16757	9-8	30-27	5050	45-35	103-75	127-38
Japan	36012	62-77	125-23	5572	45-72	103-75	127-38
Italy	16154	95-81	287-221	5570	45-72	103-75	127-38
ECU	12891	62-77	125-23	12442	2-4	5-10	2055-64
Belgium	46588	9-8	30-29	12442	2-4	5-10	2055-64
Denmark	16527	90-70	434-431	15753	34-32	37-35	1307
Netherlands	15586	76-87	202-188	15682	4-5	5-10	14308
Ireland	10849	11-7	30-27	60825	35-10	103-77	142299
Norway	19876	92-75	335-31	60825	35-10	103-77	142299
Spain	19876	92-75	335-31	60825	35-10	103-77	142299
Sweden	10368	92-75	335-31	10891	39-37	103-77	142299
Switzerland	15007	92-75	335-31	12899	9-12	103-77	142299
UK	21581	92-75	335-31	12899	9-12	103-77	142299
Hong Kong	11700	77-45	179-14	12899	9-12	103-77	142299
Malaysia	38766	0-0	0-0	12899	9-12	103-77	142299
New Zealand	22750	22-37	40-37	12899	9-12	103-77	142299
South Africa	21581	0-0	0-0	12899	9-12	103-77	142299
Singapore	21581	0-0	0-0	12899	9-12	103-77	142299

OTHER SPOT RATES			Sterling			Dollar		
Country	Spot	1 month 3 months	Country	Spot	1 month 3 months	Country	Spot	1 month 3 months
Argentina	1533	0889	Nigeria	30424	86200	Argentina	1533	0889
Australia	1533	0889	Pakistan	15755	34258	Australia	1533	0889
Brazil	47927	10002	Philippines	33658	63375	Brazil	47927	10002
Canada	20708	9-8	Portugal	5570	3470	Canada	20708	9-8
Ceylon	16757	9-8	Russia	74051	35025	Ceylon	16757	9-8
Egypt	51845	14040	South Africa	45459	27450	Egypt	51845	14040
India	22287	9-8	UAE	5568	28727	India	22287	9-8
Indonesia	36012	62-77				Indonesia	36012	62-77
Kenya	16154	95-81				Kenya	16154	95-81

Forward rates rates quoted high to low are at a discount (outward from spot) and vice versa. For the first to high are at a premium (high to low are at a discount). Dollar rates are in millions of dollars. Other rates are in millions of local currency.

Tourist Rates

C. Cays	12000	12000	74000	20000	20000
Australia (Pound)	1533	0889	Nigeria	30424	86200
Australia (Dollar)	1533	0889	Pakistan	15755	34258
Brazil (Pound)	47927	10002	Philippines	33658	63375
Brazil (Dollar)	47927	10002	Portugal	5570	3470
Ceylon (Pound)	16757	9-8	Russia	74051	35025
Ceylon (Dollar)	16757	9-8	South Africa	45459	27450
Dominican (Pound)	22287	9-8	UAE	5568	28727
Dominican (Dollar)	22287	9-8			
Egypt (Pound)	51845	14040			
Egypt (Dollar)	51845	14040			
India (Pound)	22287	9-8			
India (Dollar)	22287	9-8			
Indonesia (Pound)	36012	62-77			
Indonesia (Dollar)	36012	62-77			
Kenya (Pound)	16154	95-81			
Kenya (Dollar)	16154	95-81			

Interest Rates

UK	Germany	Japan			
Base	6.50%	Discount	0.50%		
France	Discount	3.00%	Discount	3.50%	
Italy	Discount	3.00%	Discount	3.50%	
Denmark	9.00%	Discount	3.00%	Discount	3.50%
Netherlands	Discount	3.00%	Discount	3.50%	
Adelaide	3.00%	Discount	3.00%	Discount	3.50%

Bond Yields

Country	Yield %	Yield %	Yield %	Yield %	Yield %	Yield %	Yield %	Yield %
UK	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
US	5.4	5.4	5.4					

Source: BBC Market Focus. Yields calculated on local basis. -- Denotes near buy/sell.

Money Market Rates

Instruments	5% 6% 7% 8% 9% 10% 11% 12% 13% 14% 15% 16% 17% 18% 19% 20% 21% 22% 23% 24% 25% 26% 27% 28% 29% 30%																									
Overnight	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
1 Month	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
3 Months	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
6 Months	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
1 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
2 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
3 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
4 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
5 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
6 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
7 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
8 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
9 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
10 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
11 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
12 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
13 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
14 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
15 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
16 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
17 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
18 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
19 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
20 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
21 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
22 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
23 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
24 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
25 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
26 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
27 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
28 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
29 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4
30 Year	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4	17.4	18.4	19.4	20.4	21.4	22.4	23.4	24.4	25.4	26.4	27.4	28.4	29.4	30.4

Liffe Financial Futures

Contract	Settlement price	High/Low	Est/Cont	Open
----------	------------------	----------	----------	------

Man takes the Cheltenham challenge

Racing
GREG WOOD

One Man may be the 11-8 favourite for the Gold Cup in March after his commanding success in the King George, but for serious backers there is still a disturbing hole in his form which makes support at such short odds hard to justify. The grey has appeared at Cheltenham only twice, and on both occasions he has been deeply disappointing. In two days' time, however, he will get the chance to make it third-time lucky.

Gordon Richards, One Man's trainer, yesterday confirmed that his chaser will line up for Saturday's Pillar Properties Investment Chase at the headquarter of National Hunt. He reported that One Man worked extremely well on Tuesday, and confirmed his view of the weekend's big race was the exercised "satisfactorily" yesterday morning. "I have not told Mr Hales [One Man's owner]

yet, but I am going to run him on Saturday," Richards said. The Gold Cup favourite is expected to face just four rivals, will rule out Monsieur Le Cure, and Aidan O'Brien will race Life Of The Lord at Leopardstown a week later. It should still be a race of real quality, however, as Flashing Steel, Barton Bank, Young Hustler and Willsford attempt to puncture the euphoria which now surrounds One Man's every appearance.

The grey's previous visits to Prestbury Park were not a novice hurdle in 1992, and the Sun Alliance Chase at the Festival, for which he started favourite, in 1994. He was

Europe's two top middle-distance races, for horses of all ages, the King George VI and Queen Elizabeth Stakes and the Prix de l'Arc de Triomphe, have had contrasting fortunes with sponsors this week. The Longchamp race will be in need of a new sponsor next year because of Granada's takeover of Forte, who have backed the race for the last two years. Granada are

obliged to continue the sponsorship of this year's race, but will not continue thereafter. De Beers, sponsors of the King George for 25 years, have increased their backing of the

pendable but surely not in the same class as the King George winner. This is a telling reflection on the decline of Barton Bank, who won the 1993 King George and was among the favourites for last year's Gold Cup, but has not been able to recapture his best form.

Like One Man, Barton Bank has not found Cheltenham welcoming, even when he was performing well. His task on Saturday will not be aided by his introduction to a new jockey, following Adrian Maguire's injury at Leicester two days ago.

David Nicholson, Barton Bank's trainer, had not decided yesterday who would replace Maguire but was cheered

by news that his jockey may return in three weeks rather than six weeks as was first feared. Maguire's agent, Dave Roberts, said: "Adrian has seen a specialist and the injuries are not as serious as first thought. It was thought he had a cruciate-ligament tear, but it is not the ligaments that are injured. He should be out for no more than three weeks and could be back for the Tote Gold Trophy."

The build-up to the season's main events continued yesterday with the release of entries both for the Singer & Friedlander National Trial at Uttoxeter on 10 February and the Grand National itself on 30 March. Mittenoma, the 1994

National winner, heads the list for Uttoxeter's race, with Lord Relic, owned by Stan Clarke, the track's chairman, another interesting candidate. Top class at his best, Lord Relic has not raced since sustaining an injury in the 1994 Welsh National.

Lord Relic is also one of 82 entries for Aintree, along with Carville's Hill, another convalescent in Martin Pipe's yard, and Royal Athlete, last year's winner, who has not seen a racecourse since.

"He is fine," Mark Pitman, assistant to Royal Athlete's trainer, Jenny, said yesterday. "We are building his whole year around Aintree. He is coming along steadily and he will have one or two runs before Liverpool. We are taking care and won't rush him."

Of the nine horses who followed Royal Athlete home last April, only two, Dubacilla and Romany King, both now retired, are not among this year's initial entry. Bookmakers, no doubt desperate to boost turnover in

Ascot race by £20,000 to £260,000. The additional support of the racecourse will ensure that it joins the Derby in a club of two as British races with £1/2m in prize money.

Another double-roller week for the Lottery will offer you 20-1 the field, but since even the official handicapper is not yet sure of the final weights, this is a very rare occasion when Camelot offers better value than the local betting shop.

Grand National (Aintree, 30 March). William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

ascot race by £20,000 to £260,000. The additional support of the racecourse will ensure that it joins the Derby in a club of two as British races with £1/2m in prize money.

Another double-roller week for the Lottery will offer you 20-1 the field, but since even the official handicapper is not yet sure of the final weights, this is a very rare occasion when Camelot offers better value than the local betting shop.

Grand National (Aintree, 30 March). William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1 Lusty Light, 50-1 Lusty Light, 55-1 Lusty Light, 60-1 Lusty Light, 65-1 Lusty Light, 70-1 Lusty Light, 75-1 Lusty Light, 80-1 Lusty Light, 85-1 Lusty Light, 90-1 Lusty Light, 95-1 Lusty Light, 100-1 Lusty Light.

William Hill: 20-1 Flashing Steel, Master Oats, Monsieur Le Cure, Royal Athlete, Barton Bank, Young Hustler, 25-1 Deep Brumle, 30-1 Lusty Light, 35-1 Lusty Light, 40-1 Lusty Light, 45-1

sport

Crocks may hand Asian gold to Els

Golf

ANDY FARRELL
reports from Singapore

The start of a new season – everyone fresh, and raring to go. Not quite. Greg Norman is in bed with a chest infection. Sam Torrance has a septal tear and Ian Woosnam's back is still playing up. The 1996 European Tour may be set to go further afield than ever before, but it is an expansion of the physiotherapy trailer that is most needed.

One reason Johnnie Walker has continued its connection with the Asian Classic, which usually attracts the world's best players, after pulling out of the World Championship, which did not, is that for superstar golfers Asia in January is a better proposition than Jamaica just before Christmas.

This year's event in Singapore has not gone quite according to plan. Colin Montgomerie, keen to equal Peter Oosterhuis's record of four successive Order of Merit titles, has stayed at home for the birth of his second daughter, Venetia Grace. Seve Ballesteros is on a five-month sabbatical learning how to relocate a fairway and Jose-Maria Olazabal withdrew because his injured foot means he can still not walk 18 holes.

Playing golf is not the only demand on the top players. There is their second career as course builders. Bernhard Langer broke his journey to open his new design at Lotus Hill in China; Woosnam spent the weekend scouting the land for a project in Bangkok and Norman looked in on his work on the first integrated resort and golf course in India. Near Delhi, it is called Sterling Grand, and usually the question is: How many? This is the man who earned \$30m (£20m) from the sale of the equipment company Cobra, in which he bought a \$1.9m stake in 1990.

Norman was feeling ill enough to want to skip the 36-hour stopover, but according to his manager, Frank Williams, the owner pleaded with him to go. He was given an injection,

but felt worse and his temperature is still in the 100s. "I don't think we have another Phuket," Williams said, referring to when Norman won the same title two years ago after not playing a practice round. "He only has a 10 per cent chance of playing."

Torrance also missed yesterday's pro-am, but the swelling on his poisoned foot has gone down and he expects to play.

Woosnam has been resting his back since November, but three days' practice have seen it stiffen up again. "I've been swinging badly for a couple of years and that might be the problem. When I aim straight it goes crooked and when I aim crooked it goes straight," the Welshman said.

All this is good news for Ernie Els, who is confident after winning last week's South African Open, the defending champion. Fred Couples and even John Daly, who has given up burgers in a search for the form that made him the Open champion, rather than finishing 45 shots behind Couples in Jamaica.

While the American Tour opens with the West Coast swing, the European goes global. First there is this week's Johnnie Walker Classic in Singapore, then it is Down Under for the Heineken Classic in Perth next week, before going to South Africa for a further three tournaments. The advantage is that the Tour can provide events at this time of year on good courses in good conditions. This has been in response to criticism from the membership, who sometimes find it hard to say anything nice about their work place. Not at Tanah Merah, which is next door to Changi – the airport, not Nick Leeson's current abode. "I can't fault it," Woosnam said.

On the minus side, the reduced entry means no spots for the newcomers to the Tour. While most will make their debuts in South Africa, Steve Webster, the winner of the qualifying school has received a sponsor's invitation. He has just signed as a client for the International Management Group, who happen to be promoting the event.

FA CUP COUNTDOWN: Former Northern Ireland stalwart plots Ipswich's downfall. Phil Shaw reports
Nicholl waiting for happy hour

Half an hour's satisfaction – that is how Chris Nicholl quantifies the rewards of a week's work as a football manager. Always assuming, of course, that his Walsall team have won.

If that makes Nicholl sound like the dour antithesis of charismatics like Barry Fry and Ron Atkinson, it is misleading. His manner is quiet but warm and his humour self-deprecating, while his love of the game is reflected in the progressive style on which Walsall will stand or fall at Ipswich in the fourth round of the FA Cup on Saturday.

It is just that Nicholl believes running a team to be more stressful than people imagine, and prefers plain speaking to wisecracking as a method of

'I think I did a good job at Southampton, and as time goes by I have to say it looks a better job'

articulating his view. Asked how he filled in the days during the three years between leaving Southampton and resurfacing at Walsall, he replies: "I enjoyed myself."

Yet all the time he was desperate to jump back in, and he still has ambitions to manage a Premiership club. Why? Again he shrugs and smiles. "Mad."

There must be a method to this madness. Last season, his first at the Bescot Stadium, Nicholl took Walsall up to the Second Division. Although below half-way, they are only three points away from the play-off places and well clear of the bottom-four berth they occupied in late October.

None of which is remarkable until you consider that Walsall had previously won promotion only four times. Or that in 17 months at a club surrounded by the big spenders



Chris Nicholl, whose Walsall side travel to Portman Road in the FA Cup on Saturday

Photograph: Peter Jay

of Aston Villa, Wolves and Birmingham, Nicholl has yet to pay so much as a pound in transfer fees. He is tickled to learn that even the famous Saddlers' side of 63 years ago, who beat Arsenal in arguably the greatest Cup upset of all, cost £70 to assemble.

But then Nicholl, a former Villa and Northern Ireland centre-half who will be 50 in October, had already demonstrated at the highest level his ability to survive – and more – on a shoestring. The young talents he blooded at The Dell included Alan Shearer, Matthew Le Tissier, Rod Wallace and Jeff Kenna. Among those he

bought, for a total of £1m, were Tim Flowers, Barry Horne and Neil Ruddock.

"I think I did a good job at Southampton," he says, "and as time goes by I have to say it looks a better job. We were a decent team who scored goals, and I left them with some good young players as well as in a healthy state financially."

One assumes he was bitter about the way it ended. "Absolutely not. Bitterness is a wasted emotion that could drive you round the bend. The board at Southampton are excellent. They sacked me and yes, I hope to prove them

wrong, but they put up with me for six years. That was long enough for anybody. They wanted a change and they were right to do it."

Nicholl is clearly not one to indulge in platitudes. He admits, for instance, that although he enjoyed the leisure time, he had begun "to doubt everything, including myself" before he was invited to succeed Kenny Hibbitt at Walsall (where, revealingly, he is the 34th manager in 68 seasons). Nor has his modest success altered his feelings about his profession.

"Managing is a very stressful job. It doesn't matter how many you've won – we've just

won four in a row and not conceded a goal – on Saturday evening you get half an hour of satisfaction. Then the physio comes in and says so and so's got a bad knee and you find another player's going to be suspended. It's then that the worries start to build up for the next game."

"What screws you up is that there's no physical outlet for the tension. The players get their high from running around. We get the adrenaline but we lose control the moment they run out of the dressing room. And if one of your players isn't feeling right or the referee doesn't like you that day, you're in

trouble no matter what work you've done in the week."

The closest he has been to the FA Cup final, the event which hooked him on football, was in 1986 in his first season in charge of Southampton. They took a Double-bound Liverpool to extra time in the semi-final remembered for the horrific broken leg suffered by the Saints' Mark Wright.

This time last year, Walsall led Leeds 1-0 in the third round before conceding an equaliser three minutes from time. They then forced the additional half-hour at Elland Road before, as Nicholl concedes, "we tired and they swamped us."

This season's run includes, bizarrely, an 8-4 win over Torquay on a frost-affected

'Managing is a very stressful job. What screws you up is there's no physical outlet for the tension'

surface, during which Nicholl lost track of the score. Walsall have since tightened up considerably, an improvement to which Derek Mountfield – an FA Cup winner with Everton – has made a major contribution since arriving from Carlisle.

Nicholl had expected to be renewing acquaintance with Shearer at Ipswich (as did Blackburn, the champions having somewhat prematurely sent Walsall their tickets for Ewood Park before losing a home replay to First Division Ipswich). "In theory, it gives us a better chance," he says. "Still a small chance, but a better one than we'd have had at Blackburn."

The Cup is no place for half-measures. If Walsall win this one, expect Nicholl to relent and enjoy a full hour's satisfaction before the pressure starts again.

Questions of Sport

£40,000 to be won

Today we are giving you another sporting chance of an instant win. In Saturday's paper, there was a Questions of Sport multi-choice scratch card which, if you answer three sporting questions correctly, gives you the chance of an instant cash prize from £1 to £1,000. You don't have to be an obsessive fan to play – a good general sporting knowledge should suffice. But remember, you only get one chance to answer each question, so if you are in any doubt, check it out. The card contains eight games so you can play daily through to Friday 26 January. This Saturday in The Independent we will give you a new Questions of Sport scratch card. As well as the daily instant cash prizes there is a weekly accumulator prize of £5,000 to be won.

HOW TO PLAY

Today we are playing the section of the card dated Thursday 25 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Nineteen either A, B or C in the Q19 column then repeat for Q20 and Q21.

THE QUESTIONS

Q19 In which sport is the America's Cup a major trophy?

- A: Baseball
B: Sailing
C: Ice hockey

Q20 What is the distance of the Grand National?

- A: Three miles
B: Five miles
C: Four and a half miles

Q21 Which footballer currently playing in the Premiership won three Premiership / First Division winners' medals in succession?

- A: Alan Shearer
B: David Batty
C: Eric Cantona

IMPORTANT

Scratch off ONE letter only for each question.

If you reveal three identical cash amounts on any one game section on any one day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize. You could also win today's instant prize of £100 by revealing an asterisk.

HOW TO CLAIM

If you have revealed three identical cash amounts of £5 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newsagents listed below.

For prizes over £5, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm today.

Participating newsagents: WH Smith, John Menzies, Forbuys, Martins/RS, McColl, Dillons, Gibbs, Macs, Supergrids, United News Shops, Star News, K Balfour, Eason, GT News, Paperchain – Village Store, Paper Shop.

If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions of Sport claims, PO Box 60, Burnley, BB10 1SH.

RULES AS PREVIOUSLY PUBLISHED

SOME OF OUR WINNERS SO FAR:

Christine Marsden from Burnley, Lancs - £1000
Martin Boileau from Buckingham - £500
Mark Webber from Weatherby, Leeds - £100
Rhoda Coates from Southampton, Hants - £100
Carlo Caruso from London - £100
Kenneth Bulcock from Huddersfield, Macclesfield - £25
Frederick Shipley from Sheffield - £10

QUESTIONS OF SPORT CLAIM COUPON

Thursday 25 January 1996
To claim prizes up to £5

DO NOT PHONE

Take this coupon to any of the participating Newsagents listed who will give you your prize instantly.

NAME
ADDRESS
POSTCODE
TELEPHONE

To the Newsagent: Please check the card is correct and give the reader the value of their prize. Send this coupon or details supplied on plain paper together with the winning card to your head office for full redemption.

Smith back on Olympic course

Sailing

STUART ALEXANDER
reports from Miami

Lawrie Smith, Britain's most highly paid and high profile sailor, who already has an Olympic medal, is back on the treadmill here. Today sees the first race in the first of two trial regattas to select Britain's 1996 representatives in the stateley Star class of two-man keelboat.

Smith is also planning a summer campaign in two kinds of spectacular boats that are as far removed as possible from the Star – the Ultra 30 and the Australian 18-foot skiff. He is also talking to three possible backers of the 1997-98 Whitbread race attempt: the ambitious Emirate of Dubai; Chris Dickson's spon-

sors, Tag Heuer; and the managers of the Swedish EF Education syndicate.

And he continues steadfastly to resist the attentions of this September's Grand Mistral round the world race organisers to skipper one of their boats.

So why does he still want to compete in the Olympics? The irresistible drug is the pure test of skill, rather than a budget-based arms race, against the best in the world. Smith spent part of November and December in the cold and miserable Solent assessing with crew Chris Mason and coach Bill Edgerton the merits of various different sails on offer for a campaign being financed, with "just about enough to cover it", by the Rockport boat shoe company.

Even then, he concedes they were not putting in as much time as the Americans, who may be out five days a week. And he knows he can now be in the Australian sunshine not only for some skiff sailing but a likely substantial boost to his bank balance.

Smith is apprehensive, surrounded as he is by Olympic squad members from many of the major European countries and the US at the Coral Reef Yacht Club, one of five which hosts the 10 classes of Olympic yachts all now tuning up in earnest in preparation for Savannah in July.

The remaining two big Olympic testing grounds are at Hyeres, France, in April and Medemblik, the Netherlands, in May. But both will be academic for Smith if he does not perform well enough in Miami

now, and again at the second regatta in March, to secure the British place.

The uncertainty shows. "Who do you think will win?" he asks anyone who will listen. Up against him are the Barcelona pair, David Howlett and Phil Laurence. Soling contender Glyn Charles with George Skoudos, Stuart Hudson with David Munge, and the Hicks brothers, Michael and David.

Smith should be the favourite. His Barcelona bronze was in the Soling and another in the Star would be reward enough. But he likes an edge, a perceptible advantage, and he has yet to achieve that. Money will not buy it, talent plus a flat-out campaign may see him through. That is, if he can first clear the selection hurdle.

SPORTS LETTERS

Levy on transfers

From Mr M Shackel
Sir: I do not believe for one moment that the majority of rugby clubs wish to turn back the clock and halt the move to professionalism.

Surely the election of Cliff Brittle was a signal that there is more to the world of rugby than the top 11 clubs and the national squad, important though they are to the game, and to the media.

What the middle and lower order clubs (as supposedly represented by Mr Brittle) want to hear is some encouragement from the RFU and perhaps a decent share in the projected bonanza should it ever materialise.

There are various ways in which a desirable fostering of the rank-and-file clubs can be achieved. I would suggest one move. A levy on any professional club signing a player from an amateur club whether that player is to be paid or not. The levy, fixed at say £2,000, to go direct to the "feeder" club.

Yours sincerely,
MIKE SHACKEL
Sanderstead, S Croydon

Letters should be marked "For publication" and should contain daytime and evening phone numbers. They should be sent to: Sports Editor, The Independent, 1 Canada Square, London E14 5DL. They may be shortened for reasons of space.

McRae pledges to stiffen the Saints

Rugby League
DAVE HADFIELD

The new coach of St Helens, Shaun McRae, has promised to add defensive steel to the club's traditional flair. McRae, the former assistant coach to Australia and the Canberra Raiders, arrived to take up his post yesterday and said that the talent was already at the club to enable them to match Wigan.

"There is a lot of work to be done," McRae said, "but the potential is there to be consistent – and that is what wins competitions."

McRae has watched tapes of Saints' games, including their recent Regal Trophy final defeat by Wigan. "St Helens were very unlucky, but, at the end of the day, they didn't win. If you can be consistent in your overall performance against Wigan, then you've got a chance," he said. "That is the first thing I'll be looking for."

McRae has left Canberra after six successful years, "because I fancied a change. I had it in my mind that my next move would be as a head coach. The fact that it is at St Helens is tremendous for me."

"The situation is very much like that at Canberra, where we were scoring a lot of points but having a lot scored against us.

"We did something about the defence without spoiling the attack."

Saints' captain, Bobbie Goulding, publicly critical of the sacking of the club's previous coach, Eric Hughes, made his peace with the new regime at McRae's welcoming press conference.

"We were all shocked by Eric going and no one was more disappointed than me," he said. "But I'm looking forward to working under Shaun. I know it is going to be very hard, but I'm looking forward to every minute of it."

McRae, who was sought by other Australian clubs as well as being hotly tipped as Canberra's next head coach, trained his squad yesterday and takes charge of them in a match for the first time when they meet Castleford in the Challenge Cup on Saturday.

Hughes is one of three coaches heading the field for the position at London Broncos that fell vacant when Gary Grienke was dismissed on Tuesday. Brian Johnson, who resigned at Warrington earlier this month, and Clive Griffiths, who was overlooked as his successor, are also on a short-list of contenders.

"I would be foolish not to find out whether coaches of this calibre were interested in joining us," said the club's chairman, Barry Maranta.

Lewis' bout with Bowe is called off

Boxing

Britain's former World Boxing Council heavyweight champion Lennox Lewis has abandoned hopes of fighting Riddick Bowe on 20 April as Bowe and his manager, Rock Newman, are in dispute with the American cable network, Home Box Office.

Panos Eliades, Lewis's backer, said: "HBO and Newman have not managed to settle their differences. It must go to court and Lewis will not fight Bowe next." Eliades said. "We are looking at all other top opponents, but it looks like Michael Moorer and Axel Schulz are not available, while Evander Holyfield is not ready."

TODAY'S NUMBER

6

The years that the 28-year-old wing defence Fiona Murtagh was vice-captain of the England netball team before taking over from Kendra Slawinski, who has retired after winning a record 128 caps. Murtagh's first game as captain will be against Northern Ireland on 24 February.

New Questions of Sport scratch card in Saturday's Independent

THE INDEPENDENT

In his great days, the late Jock Stein preached that it was pointless getting upset over decisions. It was excellent advice

Much the same can be said about decisions in cricket other than run-outs. In any case, what would the heroes do without something to moan about?

■ The Hungarian middle-distance runner Sandor Itharos, who set 11 world records, died yesterday of heart failure in Budapest at 65. From May 1955 to July 1956, Itharos set records at 3,000m (7min 55.6sec), two miles (8:33.4), 1500m (3:40.8), 5,000m (13:40.6), three miles (13:14.2), six miles (27:43.8) and 10,000m (28:42.8). Itharos never won an Olympic medal and missed the 1956 Olympics in Melbourne because of the Soviet Union's invasion of Hungary.

Call to the Service Center at 800-447-2263 for more information.

White" was full of slinky moves to the slow sections of the music. His triple axel-triple toe loop combination was slightly bowed on the second landing but not enough to cost him dear. Cousins, British champion for the past seven seasons, has been rising slowly but steadily up the ranks and yesterday's performance was one of his finest.

Football
LEAGUE OF WALES: Llanelli v Aston Villa (7.30).
WENTWORTH LEAGUE: First Division: Liverpool
 v Sheffield Utd (7.0); (at Southport). Second
 Division: Grimsby v Bradford (7.0); Aston Villa
 v Sunderland (7.0).
SURREY SUSSEX COUNTY LEAGUE: First
 Division: Peasemarch & Telcombe v Chesham
 Athletic (7.30).
Rugby Union
FLINTSHIRE MATCH: Aledale v Brunei Utd (7.30).
Other sports
FLINTSHIRE: Flint v Llanelli (8.00).
WENTWORTH: Walsley v Llanelli (8.00).

rugby Union

